

Am. B.

Proceedings

3040

(374)

INDEX

TO THE

MISCELLANEOUS DOCUMENTS

OF THE

HOUSE OF REPRESENTATIVES

FOR THE

FIRST SESSION OF THE FORTY-NINTH CONGRESS,

1885-'86.

IN TWENTY-SIX VOLUMES.



WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1886.



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REPORTS
OF THE
SILVER COMMISSION
OF
1876.

[Being a reprint of Senate Report No. 703, 44th Congress, Second Session.]

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

[PUBLIC RESOLUTION—No. 27.]

Joint resolution providing for the printing and distribution of documents of the monetary conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one, and the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there be printed and bound in cloth five thousand copies each of the Reports of the International Monetary Conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one; also the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six, being Senate report Number seven hundred and three, Second Session Forty-fourth Congress, with such indices to the three reports as may be supplied by the Secretary of State; three thousand copies of each for the use of the House of Representatives, and fifteen hundred copies of each for the use of the Senate; and that the Public Printer hold the remaining five hundred copies of each for sale, at ten per centum advance on cost-price, to any person applying for the same.

Approved, August 4, 1886.

IN THE SENATE OF THE UNITED STATES.

MARCH 2, 1877.—Ordered to be printed.

Mr. JONES, of Nevada, from the Monetary Commission created under the joint resolution of August 15, 1876, submitted the following

R E P O R T :

The commission created under the joint resolution of August 15, 1876, submit the following report :

The resolution creating the commission and defining its duties was as follows:

Resolved by the Senate and House of Representatives, That a commission is hereby authorized and constituted, to consist of three Senators, to be appointed by the Senate; three members of the House of Representatives, to be appointed by the Speaker; and experts, not exceeding three in number, to be selected by and associated with them; with authority to determine the time and place of meeting, and to take evidence, and whose duty it shall be to inquire—

First. Into the change which has taken place in the relative value of gold and silver; the causes thereof, whether permanent or otherwise; the effects thereof upon trade, commerce, finance, and the productive interests of the country, and upon the standard (of) value in this and foreign countries;

Second. Into the policy of the restoration of the double standard in this country; and, if restored, what the legal relation between the two coins, silver and gold, should be;

Third. Into the policy of continuing legal-tender notes concurrently with the metallic standards, and the effects thereof upon the labor, industries, and wealth of the country; and

Fourth. Into the best means for providing for facilitating the resumption of specie payments.

The commission as organized consisted of Messrs. John P. Jones, Lewis V. Bogy, and George S. Boutwell, of the Senate; Messrs. Randall L. Gibson, George Willard, and Richard P. Bland, of the House of Representatives; Hon. William S. Groesbeck, of Ohio, and Prof. Francis Bowen, of Massachusetts. George M. Weston, of Maine, was appointed secretary.

The sessions of the commission were held in the city of New York until the re-assembling of Congress in December last. They have since been held in the city of Washington.

Immediately after the creation of the commission, circulars were issued to bankers, publicists, and commercial men in this country, and to eminent financial authorities in Europe, and (through the State Department) to the representatives of the United States in foreign countries. These circulars contained interrogatories which were intended to elicit the widest possible information upon all the topics covered by the resolution of August 15, 1876. The chambers of commerce in the leading cities in this country were invited to furnish, and did furnish, lists of the persons most likely to be able to give information.

A large number of persons appeared before the commission, who were orally examined. In addition, numerous written papers from various sections of this country were received in answer to the circulars of the commission. These papers, as well as the oral testimony taken down by stenographers, are reported herewith.

Our ministers abroad have exhibited a patriotic and intelligent zeal in collecting official and other information in the countries to which they are accredited. The documents which they have furnished are very valuable, and some of them not attainable except through official applications. Some of our ministers have added able and interesting original papers. All these documents and contributions are herewith submitted.

The commission are much indebted to the Secretary of State for his prompt and courteous co-operation in facilitating their communication through his Department with our ministers abroad.

They are also indebted to the Bureau of Statistics, which promptly and courteously furnished all the information asked for.

Several gentlemen in Europe, eminent as financial authorities, have addressed communications to the commission, which are among the submitted papers. One of these gentlemen, M. Cernuschi, appeared personally before the commission, and furnished important and valuable information, which will be found in the reported testimony. The thanks of the country are due to him and to the other distinguished citizens of foreign nations who have made these disinterested efforts in the elucidation of a question important to the welfare of mankind.

There are also submitted herewith special reports of the secretary of the commission upon European and American legislation in respect to subsidiary coinage and upon other subjects.

In respect to the preparation of the minute on the production of silver in the United States, it may be stated that in 1873 a new body of paying ore was discovered in one of the mines of the Comstock lode in Nevada. Similar bodies of nearly equal extent had been previously discovered and exhausted in the Spanish-American silver lodes, and in the Comstock lode, without attracting universal attention or arousing universal fear that the commerce of the world was about to be deluged by a flood of silver, but in the present instance, through persistent and infectious exaggerations in respect to the extent and richness of the new ore-body, the most visionary expectations and unwarranted fears became universally epidemic. The estimates of the value of the ore in sight ranged from \$300,000,000 to five times that amount, all of which was generally believed to be in silver. The probable out-turn of this new bonanza is a leading topic in the report of the British silver commission (1876), which contains, among other evidence on the subject, a quotation from a German newspaper, the *Reichsanzeiger*, of March 14, 1876, which gives, as foremost of the "three principal causes for the depreciation of silver:"

1st. The discovery of the great and celebrated silver-mines in Nevada, which in reality produce fabulous quantities of silver, the production for the current year being valued at five hundred million francs.

Deeming it of the first importance that these estimates and statements should be subjected to a practical and careful scrutiny, this commission employed Mr. Alexander Del Mar, a gentleman technically qualified for such an investigation, to visit the mines in person, and ascertain from original sources their past and prospective production, and also generally to inquire into the silver production of the United States, and its sources.

The result of this mission will be found in the *Minute on the Silver*

Production of the United States, referred to above. Minutes prepared by Mr. Del Mar on the coinage of the United States since 1792, annual production of silver throughout the world, annual production of gold throughout the world, and on other subjects are also reported herewith.

The yield of every mine in Nevada, annually, for sixteen years, has been ascertained with precision, and of the larger mines the yield by months. The statistics have as yet been collated only for the calendar years 1871 to 1876, inclusive; the previous years, being of less importance in the present connection, have been left for future attention.

In addition to this work, the testimony of the persons in San Francisco who have compiled the generally-accepted statistics of the production of the precious metals in this country, was taken with the view of ascertaining their methods of computation and the reliability thereof.

Briefly, the investigation shows that the product of the Big Bonanza thus far has not exceeded \$52,500,000 during the four years that it has been worked, making an annual average of about \$13,000,000, of which 45 per cent. was gold, leaving for the average annual product of silver from this ore-body a fraction over \$7,000,000.

Taking all the mines of the Comstock lode together, during sixteen years of unprecedented activity in mining, assisted by the most perfect and powerful mechanical appliances, there have been found some twelve or thirteen ore-bodies, which have yielded, altogether, about \$240,000,000, or an annual average of \$15,000,000, of which about forty-seven and one-half per cent., or \$7,125,000, was gold, leaving \$7,875,000 as the average annual production of silver.

The silver product of the State of Nevada has been collated only for the six years ended December 31, 1876. During this period the average annual product was \$19,000,000, and for the year 1876 by itself only \$28,000,000, instead of \$100,000,000, so confidently stated by the *Reichsanzeiger*.

The silver product of the United States during the same period was \$155,600,000, making an annual average of \$26,000,000; the product for 1876 by itself was \$38,200,000. When these returns are contrasted with the computations which have hitherto obtained currency, it will be seen that the latter have uniformly and greatly exaggerated the production of silver in this country.

America, since its discovery, has been the chief source of the world's supply of the precious metals; and, as the proportion of silver in that supply was much greater prior to the California gold discoveries than it was in the Old World, either before or after the discovery of America, the opening of the American mines was followed by, if it did not cause, a considerable, although slow, widening of the relation between the two metals. Humboldt (*Fluctuations in Supply of Gold*, published in 1838) says:

The relative value of gold and silver fluctuated during the first hundred years subsequent to the discovery of the new continent between 1 to $10\frac{7}{10}$ and 1 to 12; in the last two centuries, between 1 to 14 and 1 to 16.

Their relative value settled, however, about the middle of the seventeenth century, at between 15 and 16 to 1. In England it was fixed by Sir Isaac Newton, in 1717, at about $15\frac{1}{2}$ to 1. At the commencement of this century (1803) France conformed to the mean of the relations existing at that time by fixing it at $15\frac{1}{2}$ to 1. The fluctuations in the relative market value of gold and silver were unimportant during the present century until 1873, when the German and American laws to demonetize silver were enacted. The determination of Germany to enact such a law had been previously announced by the decree of December

4, 1871, and the American movements to the same end, which seem to have been better understood in Europe than in this country, were commenced as early as 1868.

The general money system of Europe had been that of the double standard until 1873. The conspicuous exceptions were Holland, which had been during much the larger part of its history a single silver standard country, and England, which had adopted the single gold standard in 1816 by law, and in 1821 in fact. In consequence of the apprehensions of a fall in the value of money, or, what amounts to the same thing, a rise in wages and in the price of property, excited by the California and Australian yield of gold, Belgium adopted a single silver standard in 1850, and the German states in 1857. Belgium, however, returned to the double standard in 1861.

Germany and the United States demonetized silver in 1873. At that time it was neither depreciated nor unsteady in value, nor had any change occurred in the relative production, consumption, or distribution of the precious metals to indicate its depreciation in the future, nor was any actual or probable depreciation assigned as a reason for its demonetization. The average flow of silver to India was undisturbed, and the Big Bonanza in the Comstock lode was undiscovered. Manifestly, the real reason for the demonetization of silver was the apprehension of the creditor classes that the combined production of the two metals would raise prices and cheapen money unless one of them was shorn of the money function. In Europe this reason was distinctly avowed.

It cannot be successfully controverted that the sole causes of the recent disturbance in the relative value of gold and silver were the demonetization of silver by Germany, this country, and the Scandinavian states, and the closure of the mints of Spain, Holland, and the Latin Union against it. Twelve months ago two other causes were insisted upon, namely, the falling off of the India demand for silver and an enormous actual and anticipated yield of silver by the Comstock lode. The Asiatic demand is fully restored, and the actual silver production in Nevada is now not only more correctly understood, but discussion has established the general conviction, which has always been that of the soundest authorities, that no increase in the production of the precious metals which is at all probable would have any immediate appreciable effect upon either their combined or relative value.

Humboldt (Fluctuations, &c., 1838) says:

In the modern world, the universality and rapidity of communication, which restore the equilibrium *as well as the amount of the accumulated masses of gold and silver already existing*, tend to render still more stable the relative value of the metals * * * *The enormous masses of precious metal already accumulated in Europe* render any considerable or continued variation in the relative value of gold and silver impossible. Experience has shown this. In England, for instance, in the ten years from 1817 to 1827, more than 1,294,000 marks of gold [\$180,959,000] were converted into money, and yet this monopoly of gold only raised the proportion of it to silver from 1 to 14.97 to 1 to 15.60. * * * Any increase in the production which our imagination could call into existence would appear infinitely trifling compared with the *accumulations of thousands of years now in circulation*.

Changes in the relative value of the two metals are entirely different from changes in their absolute value, or, in other words, their value as compared with all other things. Thus one metal may have fallen greatly as compared with the other, and at the same time not only may not have lost, but may even have increased in purchasing power. In describing a divergence in the relative value of the metals, without reference to the purchasing power of either, it is as correct to say that one has risen in value as to say that the other has fallen. In fact, looking only

to the relation of the metals, both things have occurred. One has fallen and one has risen, each relatively to the other, to the full extent of the divergence. In order to ascertain whether silver has fallen or gold risen since 1873, not relatively to each other, but relatively to all other things, a comparison must be made between general prices in gold and silver, respectively, then and now. Such a comparison would show that the purchasing power of gold has increased since then in all countries, and that the purchasing power of silver has decreased in none.

The discussion of the use of silver as money involves several questions, which, if not divisible, are distinguishable; or, in other words, if so intimately connected as not to be susceptible of a separate decision, they are yet so distinct that it will subserve the purpose of both clearness and convenience to consider them separately.

The first is, whether the universal employment of silver as money co-extensively and concurrently with gold in times past has been, upon the whole, justified by adequate considerations.

The second is, whether, if so justified heretofore, new conditions have arisen to make this employment of the two metals inexpedient at the present time.

The third is, whether the discarding of either of the two metals as money would not cause such a fall in the prices of commodities and property, and consequently impose such unjust and ruinous burdens on debtors, individual and national, as to be justifiable on no plea of convenience, and defensible only on the plea of absolute necessity.

The fourth is, whether the employment of silver as money by the United States is a practicable policy in view of its actual demonetization in several countries and of its threatened demonetization in others.

The fifth is, whether, if the policy be practicable, it is demanded, or otherwise, by the commercial, industrial, and financial interests of the United States.

I.

OBSERVATIONS UPON THE GENERAL QUESTION OF EMPLOYING THE TWO PRECIOUS METALS AS MONEY.

The question of the desirability and utility of using both gold and silver as money metals has been decided in the affirmative by the general judgment and practice in all historical times. This statement may possibly require some explanation in respect of India and China, which contain the two greatest masses of human population, and, upon common estimates, rather more than one-half of the total population of the globe. Gold cannot take the place of silver as the money of those regions, because gold is too valuable to measure the small earnings and expenditures of their inhabitants. In India, under the British administration, silver is the only legal tender. What the legal tender may be in China is obscure, but in respect to the inhabitants of both China and India, and more especially in respect to the ruder populations in other parts of Asia and in Africa, the legal-tender quality of money is of far less importance to them than it is to the highly civilized populations of Europe and America. The ramified system of credits, frequently on long time, and sometimes perpetual, which seems inseparable from a high civilization, is unknown to the majority of the human race, to whom the principal use of money is to make purchases, and not to pay debts. The amount of gold is small as compared with the amount of silver in the East. Gold is not the money of the East, not are the prices there influenced

by its scarcity or abundance, as they are by the scarcity or abundance of silver. But it is readily accepted as a precious commodity, at about its silver value in London.

In the presence of this general judgment of mankind in favor of using both the precious metals as money, it will be sufficient to state summarily some of the considerations which justify this judgment.

The fluctuations in the aggregate current supply of the two metals are less frequent and less violent than are the fluctuations in the supply of either metal, and consequently the fluctuations in the value of the two, used together as money under the double standard, are fewer in number and less in degree than would be the fluctuations in the value of either one of them, and the chances of avoiding the evils of an insufficient supply of money are much greater. No considerable simultaneous increase of both has occurred since the Christian era, with the single exception of the period when the mines of the New World were opened. Whenever one of the metals has been produced in unusual quantities, the production of the other has generally remained stationary or has declined, so that variations in the aggregate production have been restrained within endurable limits. Thus, there was no increase of the silver yield when gold was produced in unusual quantities from the Brazilian mines and during the first half of this century from the Russian mines. The production of silver remained steady during the first fifteen years of the working of the gold-fields of Australia and California, and did not increase until their productions declined.

Gold and silver are both fit for money, by all the necessary qualities of indestructibility, resistance to chemical changes, divisibility, general steadiness of combined production, and amount of combined stock, which is small enough to make them precious, and at the same time large enough to render them convenient in ordinary handling. They are the only metals which combine these qualities. With augmenting capital, increasing population, the continued spread of civilization and stable government, increased efficiency of machinery, and improved processes of mining, it may be that the production of gold and silver will be increased; but under the conditions named an increased production would be necessary for the preservation of the equilibrium between money and all other things.

The considerable difference in the value of the same weight of the two metals recommends the use of both as money. Gold, in any condition of purity heretofore adopted in coinage, cannot be used for ordinary retail transactions. A gold coin of the value of an average day's labor in Europe, or even in America, would be too small for handling; and in Asia a gold coin measuring a month's wages would be inconveniently small. It is very doubtful if any contrivance of coinage could make gold answer the purposes which silver has always answered in the smaller exchanges. The expedient of a gold coin of which the principal weight and bulk should be alloy may be suggested, but the genuineness and real value of such a coin would elude ordinary means of verification; and it is doubtful if it could ever be made to command that ready and universal confidence essential to money. It would be an experiment full of hazard. Silver is especially adapted for coins of small value, which are the only ones used by the masses of mankind, and may be used without inconvenience in the largest transactions, as modern appliances have made it feasible to handle even the largest sums of silver without inconvenience. The two metals together fill but scantily the measure of the money needs of the world, and they can only fill it upon

the condition that both are money in the fullest sense; and nothing is such money if it be restricted in its legal-tender function.

The combined stock of gold and silver is so large in comparison with the amount of their current production that variations in their current supply affect stocks only in a minute degree. A certain percentage of the current supply is constantly needed to keep the stock of the precious metals good against loss by accident, abrasion, and their absorption in the arts. But this is not all that is required. The rapid increase of the world in population and commerce demands a corresponding increase of the stock of the precious metals, in order that the relation between money and all other things may not be disturbed, and that the ruin of productive interests by falling prices may be avoided. The greatest gold yield ever known was during the five years ending with 1856. The annual average production during that period was \$150,000,000, while the silver production during the same period averaged annually only \$40,000,000. This was an enormous increase of the annual gold supply and consequently in the aggregate supply; but the excess of supply in any one year was only an imperceptible addition to existing stocks, and so rapid was its absorption by the increased demands of business that its effect on prices was not visible for several years, and the maximum increase of prices finally produced, and which was soon lost, did not exceed 20 per cent. Tooke says (History of Prices, vol. 6, pages 158-194) that notwithstanding the increase of metallic supplies from 1848 to 1856, there was in 1856 no "*corresponding increase of general prices; nor, in the case of large groups of commodities, any increase of prices whenever, but, on the contrary, prices rather sunk to a lower than rose to a higher level.*"

The stocks of gold and silver being much greater now than in 1848, they would be less affected by any new discoveries even of the same importance as those of California and Australia. So, also, new supplies of the precious metals absolutely as great as those of the years following 1848 would be of far less consequence in their relation to the vastly increased amount of commodities, exchanges, and population of the present time.

It is one of the common estimates that in 1848, the date of the California discoveries, the bullion value of the world's stock of plate, coin, and bars was \$2,800,000,000 in gold and \$4,000,000,000 in silver, but of coin and bars alone \$1,200,000,000 in gold and \$2,200,000,000 in silver. The total production of gold and silver in the five years ending with 1856 was \$950,000,000, being an addition of only 14 per cent. to the total stock, inclusive of plate, or of 28 per cent. to the stock in coin and bars. The total production of gold alone in the same years was \$750,000,000, which was an addition of 25 per cent. to the entire stock of gold, including plate, and the still greater addition of 62½ per cent. to the stock of gold in coin and bars. In the twenty-eight years ending with 1875 the aggregate production of gold and silver was \$4,582,000,000, which was an addition of 67 per cent. to the stock in 1848 of coin, bars, and plate, and of 135 per cent. to the stock of coin and bars. But in the same twenty-eight years the production of gold alone was \$3,215,000,000. This was an addition to the gold stock in 1848 in coin, bars, and plate of 115 per cent., and to the stock in coin and bars of 268 per cent. Estimates of the amount of the world's stock of the precious metals in 1848, or in any year vary considerably, but on any estimate the two facts are illustrated that annual supplies affect stocks of the precious metals slowly, and that the stock of either one of the metals is more exposed to eccentric enlargement than is the aggregate stock of the two.

The magnitude of the stocks of silver and gold in the world is an element of steadiness in their value which is frequently overlooked. The familiar maxim that value is regulated by supply and demand, is applied to money in a very loose and inaccurate way. That supply, which is one of the principal factors in controlling the value of both commodities and money, is not the annual supply, but the entire stock in existence, including past accumulations as well as current production. In the case of wheat, cotton, and similar things, the amount of each harvest is so great in comparison with the amount left over from the previous harvest that supply and annual supply are frequently used as meaning the same thing; but the difference between the two is very considerable, even in respect to commodities of that description. The difference between the supply left over and the annual supply of the precious metals is enormous, and to describe their value as being controlled, or even much influenced, by their annual supply, is absurd. That supply, which is one of the controlling elements of their value, is their entire stock, old and new, just as it really is with wheat, the only distinction being that the annual supply is the principal part of the stock of wheat, while it is hardly an appreciable part of the stock of the precious metals. The value of the precious metals will be affected not by the entire current production, but by the surplus which enters the circulation after consumption in the arts and all losses by abrasion and accident have been made good, and after supplying that new demand for money which results from the growth of population and from the enlarged uses always following an increase of money. No current supply was ever yet sufficiently great to affect the value of the precious metals except slowly and almost imperceptibly. The signs for the future are that the annual production will be deficient rather than excessive.

Tooke (*History of Prices*, vol. 6, page 232) says of the influx of the metals after the discovery of America in 1492:

No rise of prices can be discovered until 1570, fifty years after the entry of the Spaniards into Mexico, and almost thirty years after the discovery of the Potosi silver mine. The ultimate range of prices was not reached until 1640.

This will appear the more remarkable when it is considered that the world's stock of gold and silver was exceedingly small when America was discovered. Chevalier estimates the stock in Europe at that time at only \$193,000,000. It was greater in Asia, where some authorities conjecture that it may have been \$1,500,000,000. But manifestly the whole stock was only a small fraction of what now exists, and consequently had far less power than the present stock to resist the disturbing influences of extraordinary additions. This steadiness of value, resulting from magnitude of stocks, will of course become still greater as stocks are hereafter enlarged.

The processes by which supply affects the value of money and commodities are essentially different. An oversupply of a commodity manifests itself in a surplus for which there is no effective demand, and which must be carried as a dead weight, with the losses of interest, storage, and insurance, and, in the case of most commodities, of waste and deterioration. The depressing effect on the market of an oversupply of commodities is out of proportion to the actual percentage of the oversupply. But in the case of the metals used as money, whatever the supply may be, there is no part of it which is a surplus or dead weight. It is all wanted and all wanted alike. There is an instant and ready use for the whole of it, because it can be speedily coined and put into the circulation on an equal footing with the money already in circulation. Undoubtedly, if the demand remains the same, an increased

supply of the metals will finally affect their value, not immediately, however, because not visibly manifested by a surplus, and at last only in the same proportion as the entire stock has been increased by the increased supply. But the demand never does and never can remain the same when the production of the metals used as money is so increased as to raise the price of commodities. Commerce and all productive interests are instantly and decisively stimulated by rising prices. This fact has been signally illustrated during this generation. The extraordinary gold-production in California and Australia was quickly followed by a new demand for money, which arose from that business activity and prosperity which always attend an increase of money. This demand soon overtook the new supply and already threatens to outrun it.

Money and commodities differ as much in the nature of the demand for them as they do in the effect of supply upon their value. The demand for money is universal, constant, and insatiable. Nobody ever had so much as to feel a loss or even a diminution of the desire for more. In business transactions it is never voluntarily parted with except with the hope of its return and with a profit. The effective demand for it, or, in other words, that demand which is accompanied by an ability to offer equivalents, is only limited by the extent of all the possessions of mankind, fixed and movable, and their total capacity to render services.

And by thus understanding exactly what supply and demand mean as applied to the metals used as money, the reasons for the steadiness of their value become apparent. Their supply is the accumulated stock of centuries, and the demand for them is measured by all the wealth and all the productive forces of man.

What is known as the double standard of value is a standard based upon the two metals, gold and silver, by laws which establish a unit of value and account in each metal and declare the weight of pure gold and silver, respectively, which the unit shall contain, and which also establish unrestricted coinage for both metals, and declare coins of both metals, respectively, which represent the unit and multiples thereof a legal tender in the payment of all debts, public and private, at the option of the debtor. The legal relation of value between the metals will be in inverse proportion to the weights of pure metal in the coined units of the two metals respectively. Thus, the weight of pure silver, 371.25 grains, in the demonetized silver dollar or unit, was 15.9888 greater than that of the pure gold, 23.22 grains, in the gold dollar or unit, which was a legal valuation of a given weight of pure gold 15.9888 times greater than of the same weight of pure silver.

There can never be practically two money standards whose units of account differ in value in any country at the same time. It is all-important that the value of the standard should be unchanging. It is not important that the material which represents the value should be unchanging. It is of little consequence of what the material consists if it be portable, divisible, and indestructible, or, if destructible, that it can be replaced with facility. There should never be any hesitation in changing the material of money for the purpose of maintaining its value undisturbed.

Whenever, under the double standard, there is a variance between the legal and market relations of the metals the standard would be practically based on one metal, and it the cheaper and more available one. Whenever the legal and market relations of the metals coincide there would be duality in the material of the standard, but unity in its value, which would make it in its all-important feature a single standard.

The philosophy of the double standard is that a rise in the value of money and a fall in general prices are the greatest evils which can befall the world, and its object is to prevent, as far as possible, the occurrence of these evils. It takes no precautions against a fall in the value of money, because in the whole history of the human race not a single instance can be pointed out of a fall in the value of either or of both of the metals which has not proved a benefaction to mankind; while, on the other hand, during every period and whenever a rise in the value of metallic money has occurred it has been attended by financial, industrial, political, and social disaster. An increasing value of money and falling prices have been and are more fruitful of human misery than war, pestilence, or famine. They have wrought more injustice than all the bad laws which were ever enacted. Under the double standard these evils could never occur, except by a rise in the value of both metals, while under the single standard they might be caused by a rise in the value of one of them.

The statement sometimes made that the two metals never in fact circulate indifferently and concurrently is not true. Notwithstanding the legal relation of value between the two precious metals established in 1792 in this country did not coincide exactly with the market relation, yet they circulated concurrently, with perhaps a preponderance of silver in the circulation until 1821, when the resumption of specie payments in gold by the Bank of England caused an advance in the value of gold and a consequent widening of the relation of value between the two metals. (See papers on the currency appended to the report made in 1830 by Mr. Ingham, Secretary of the Treasury.) Also, after the change made in 1834 in the legal relation of value between the two metals, they circulated concurrently until about 1850, although, on account of the undervaluation of silver by the law of 1834, there was a constant tendency to an exportation of silver in the settlement of foreign balances. The draining of a country of its silver coins is necessarily slow, as they are less in value than gold coins, and are consequently diffused among a vastly greater number of holders. It is for this reason that silver has less fluidity of circulation than gold, and presents greater obstacles to its concentration in large masses. The dangers of a financial panic occasioned by sudden and violent outflows of the money of a country are therefore less where the circulation is largely of silver than where it consists wholly or principally of gold.

The legal relation between gold and silver was fixed in France by the law of 1803 at $15\frac{1}{2}$ to 1. This was substantially the market relation throughout the world at that time. After the passage of that law the two metals circulated concurrently in France with the preponderance in the circulation sometimes of gold and sometimes of silver, until recently, when the coinage of silver was interdicted in the mints of Europe and the United States. The coincidence of the market with the legal relation of the two metals during nearly three-quarters of this century cannot be supposed to have been due to steadiness in their relative supply, nor to steadiness in the relative cost of their production, for during this period there had occurred the widest fluctuations in both the cost of production and in the amount produced. It must have been largely due to the French double-standard law of 1803, which was a ligature so strong, and which bound the metals so firmly together, at the relation of $15\frac{1}{2}$ to 1, that neither the extraordinarily varying relative supplies of the two metals from the mines of the world nor the fitful demands of single-standard countries for their particular money metal could force them nearer together or wrench them further

apart, except locally, temporarily, and in a trifling and unimportant degree.

If the United States should resume specie payments under the double standard, with the same legal relation of value between the metals as exists in France, there could not be a reasonable doubt that these two great commercial countries would be strong enough to preserve a coincidence between the legal and market relations of the metals, and thereby preserve their concurrent use as money. The United States is now relatively a greater commercial and financial power than was France in 1803, and with greater opportunities for growth and development, and could alone exert a steadying influence on the relation of the metals more powerful than France was able to exert.

Under the double standard the debtor may, at his option, avail himself of money coined out of either metal in the payment of his obligations. This option is of no practical importance, except when a variance between the legal and market relations of the metals becomes sensible. Neither does it work any injustice, nor is it, in fact, confined to one side of any transaction. The creditor is swift to avail himself of it when he lends money, and he never lends in the metal which for the time being happens to be the dearer one. He cannot claim, therefore, that it is his equity to be paid in the dearer metal, and he never is so paid unless, between the dates of lending and of being paid, the double standard is abrogated, so that he is enabled to exact what he did not lend. The debtor may justly complain if he is forced to pay in the dearer metal or money, which he never receives when he borrows. The enormous aggregate of debts in this country, public and private, were contracted by borrowing national paper currency or in the purchase of property at paper-currency prices. It is urged that the debtors ought not to complain if they are forced to pay these debts in specie, and that they ought to have foreseen that the resumption of specie payments in the near future was probable, and that the right of paying in paper currency might be taken away from them. But it cannot be said that they ought also to have foreseen that the option of paying in silver, which had always been theirs, would be taken away, and that they would be condemned to pay in gold alone, and not only that, but in gold enormously appreciated in value, if other important double-standard countries should follow our example and make it their sole standard of values.

If it were ordinarily, or even frequently, the case that changes in the relative market value of the metals were caused by a fall in the value of one of them, as compared with all other things, rather than by a rise in the value of the other, it would to some extent tend to strengthen the theory of the advocates of a single standard that the workings of the double standard are inequitable. But if, on the other hand, it can be shown that the changes which have heretofore occurred in the relative market value of the metals have been invariably occasioned by a rise in the value of one of them, and not by a fall in the value of the other, and if it be probable, if not certain, that so long as the natural operation of the double standard is not interfered with this will be the case hereafter, then the justice of making payments in the most available metal could not be disputed, and the double standard, instead of impairing, would preserve the equity of contracts.

All the changes that have occurred in the relative value of the metals during the present century, except those which took place after the demonetization of silver by Germany and the United States and the general closure of the mints against it, are clearly traceable to a rise in the value of one of them by reason of an extraordinary demand of single-standard

countries for their particular money metal. In no instance can any fall be shown to have taken place in the value of the other, as compared with all other things. In 1821, when the Bank of England resumed specie payments in gold, a change occurred in the relative value of the metals in the London market. Silver fell relatively to gold, but there was at that time no decrease in the demand of the world for silver, which was still accepted as money everywhere except in England. No change had then recently taken place in the relative production of the metals, nor had England any silver with which to frighten or affect the market. The supply of and the demand for silver was unchanged at that period. It is clear, therefore, that in that instance the change in the relative value of the metals in the London market was not due to a fall in silver, but arose wholly from the new demand for gold and from a rise in its value.

When in 1859 such a change occurred in the relative value of the metals in the London market as to carry up the London quotation of standard silver to $62\frac{1}{16}d.$ per ounce in gold, no recent change had then taken place in the relative production of the two metals to cause a change in their relative market value. Gold had been produced in unusual quantities since 1848, but the effect until 1859 had been merely to produce a gradual and not very great fall in the value of the two metals combined as compared with other things, but not in their relative value. The demand for gold was as strong and steady as it had previously been. The commerce of gold-using countries was as active as ever, and the gold prices of commodities underwent no marked change during that year. But, on the other hand, there was an unprecedented demand for silver in England for export to Asia. In that single year the silver export from Great Britain to the East was £14,828,521, or over \$70,000,000, which was double the amount of the then annual silver product of the entire world. The unprecedented price of silver in London in 1859 was therefore manifestly due to the extraordinary demand for it in that market, and not to a fall in the value of gold as compared with the value of all other things which it is the function of money to measure.

In respect to the disturbance in the relative market value of the metals which followed the German demonetization of silver, it could be shown from a comparison of prices in silver in 1873 and 1877 that that metal has more than maintained its purchasing power over everything except gold. In 1873, 60 *d.* in gold would purchase an ounce of standard silver in London. In 1877 it only requires 54 *d.* to buy the same amount. It is within the knowledge of all that 54 *d.* will now buy, in England, or in any other country, more real estate, more labor, and more of the general commodities which the world deals in, except silver, than 60 *d.* would in 1873. The exchangeable value of an ounce of standard silver is therefore greater than it was four years ago. While the general purchasing power of silver has thus been maintained, it would be an inexcusable blunder to deprive it of its debt-paying power, and of its power, as money, to check the fall in prices which is now striking as with a palsy the limbs of commerce and industry.

It is of the highest importance that the relations of value between money and all other things should be preserved with as little disturbance as possible. All experience shows that this important end can be more nearly attained under a money system based on both metals, and through the use of the cheaper metal whenever a change occurs in their relative value. The industrial and economical world find their principal occupation in the production and distribution of those things which are necessary for human wants, and which minister to human

comfort and happiness. They are not engaged in juggling with different kinds of money or in exchanging coins for the small premium which it may be possible to obtain occasionally for the one over the other. Under normal conditions, these premiums are but insignificant, and if it be true that the changes in the relative market value of the metals, which make any premium possible, are local and temporary, and are caused by a rise in the value of one of them, and not by a fall in the value of the other, then they are changes which do not affect injuriously double-standard countries. It is the single-standard countries which suffer the evils of falling prices caused by an enhanced value of their money, while it is the double-standard countries which enjoy the benefits of the use of a money which is the better because the steadier in value. It is the single-standard countries whose money metal is temporarily the dearer which pay these premiums, and it is the double-standard countries which receive them. Thus, after 1821 this country sold gold to England at a premium of from 5 to 8 per cent. In more recent times France sold silver to India at a large profit, and at the present time the Germans are paying a heavy premium on gold, which is inaccurately described as the sale of silver at a discount. This premium on gold is for them a loss without any compensation, and so far as they have proceeded in the policy of establishing a gold standard, it has proved an unmitigated injury to the commercial and industrial interests of the world and especially of Germany.

The small aberrations which may occur in the relative value of the two metals are of no importance in comparison with the overwhelming ruin which would attend such a fall in prices as would be caused by discarding one of the metals. The trifling disturbance in commercial transactions which may result from an occasional petty brokerage in the exchange of the metals justifies no such violent measure as the demonetization of either of them. Such a remedy would be absurdly disproportionate to the evil, and would be much worse than the disease. The great interest which the world has in the general steadiness of the value of money, as compared with property and services, should not be sacrificed in order to escape a theoretical and fanciful inconvenience.

But even if, through the monetary legislation of important countries, or from any other cause, the value of one of the metals should fall, not only relatively to the other, but in its relation to other things, such fall could only manifest itself in a rise of general prices. It will be reassuring to remember that no fall in the value of metallic money nor a resulting rise in prices have ever proved other than a blessing to the world.

The first instance of the establishment of a single gold standard was that in England, in 1816, under the administration of the second Lord Liverpool. This policy, as may be assumed, was adopted in furtherance of the views put forth in the celebrated letter on the coinage (1805) of the first Lord Liverpool to the King. In that letter no better nor more plausible argument was presented in favor of the adoption of an exclusive gold standard than this one, that alternate changes from silver to gold and from gold to silver, in the actual circulation, resulting from fluctuations in the relative value of those metals, were a "*great detriment to the public*." Lord Liverpool did not point out the nature of the "*detriment*" caused by such changes, nor has it ever been pointed out by any of the advocates of a single standard. Even if it be admitted that such fluctuations in the relative value of the metals may occasionally occur in the future, as they have in the past, and that first one and then the other will, at intervals, preponderate in the channels of circu-

lation, as it has not been shown that they have caused any substantial injury or even inconvenience in the past, it is not probable that they will cause any in the future. The general public would be subjected to neither inconvenience nor loss in such changes. The smaller coins used in retail transactions will always necessarily be silver coins. In the larger transactions representative paper, based on both of the metals, would, on account of its greater convenience, be universally used in specie-paying countries. The inconvenience arising from a gradual displacement, in the reserves of banks and of public treasuries, of one metal by the other, would scarcely be noticed by the managers of those repositories, and would not be felt at all elsewhere.

II.

THE EMPLOYMENT OF BOTH GOLD AND SILVER AS MONEY HAVING BEEN HERETOFORE REGARDED AS DESIRABLE, HAVE NEW CIRCUMSTANCES ARISEN TO MAKE IT OTHERWISE AT THE PRESENT TIME?

Under this head it will be sufficient to discuss the more limited question, whether new circumstances have arisen to make it expedient to discard silver, as the discarding of the other metal is not proposed. Some reasons for and against discarding either apply equally to both. But others apply only to silver; and still others apply to that particular metal with peculiar force.

It might be expedient, or even necessary, to abandon the double standard if, *first*, the combined production of both had increased and was increasing to such a degree, in comparison with augmenting needs for money, as to threaten their serious depreciation, and such an increase of the prices of commodities as would derange commerce and subvert the justice of contracts; or if, *second*, it could be demonstrated that fluctuations in the relative supply of gold and silver produced immediate effects upon their relative value, and that silver was being produced in such abnormal excess, and gold in such abnormal deficiency, considering the demands for both metals respectively, as to threaten such a continuing and indefinite widening of the relation of value between them as would render necessary frequent changes in their legal relation; or if, *third*, there were such changes in the habits of mankind, or in the amounts of money used, as to render silver, by reason of its weight and bulk, less fit to be employed as money than formerly.

INCREASED YIELD OF GOLD AND SILVER SINCE 1848.

The first supposed case, of a depreciation in the value of gold and silver by reason of their excessive production, involves a wide range of discussion. It is proposed specially to consider the increase of the production and stock of the precious metals since the California discoveries, the effect of that increase on prices and productive industry, and the necessity of a continuing increase to meet the demands of the increasing population and commerce of the world.

The gold yield of Australia and California was at its maximum in the five years ending with 1856. The aggregate production of both metals was also at its maximum during the same period. Since then the combined annual production of the two metals, instead of augmenting, has diminished. The annual production of silver has increased, but that increase has been more than counterbalanced by the annual decrease in

the yield of gold. Since 1848 the great bulk of new gold has been yielded by our Pacific States and by Australia, and nearly all of it from alluvial washings, which are yielding less year by year. It is not controverted that all the probabilities are that the auriferous production of both regions will continue to fall off, although perhaps slowly. It is true that new sources of supply may be discovered, but it is improbable that new sources equally prolific will ever be discovered, and it is only barely possible that they will be discovered and made available within any near period. It has been said that, "unlike agriculture, there is but one crop in a mine;" and it may also be said that the greater the number of mines and gold-fields worked out, the less chances there are of finding new ones. Discoveries are hoped for in Africa, on the Amazon, and in the Guianas; but in all those regions the development of new mines, if, happily, they should be discovered, would be retarded by tropical heats and diseases, by the barbarous character of the populations, and by the lack of stable governments and consequently of efficient protection of life and property. In California and Australia there were discovered almost simultaneously the richest and most extensive gold-fields of which there is any record. Their development was directed by the genius and prosecuted with the energy of the foremost races of the world, who were favored by all the advantages of free and stable governments, well administered laws, unlimited access to capital, healthy and invigorating climates, together with facilities for attracting great supplies of labor. Such a combination of circumstances, never before known, may never occur again; and, as it is now certain that the California and Australian production of gold has distinctly passed the culminating point, all sound reasoning admonishes mankind to prepare for a steadily-decreasing yield of that metal. And it is never to be forgotten that in view of the rapid increase of the population, commerce, and money-wants of the world, a stationary supply of the money metals would have all the paralyzing effects which a diminishing supply would have, if population, commerce, and money-wants remained stationary. The steadiness of general prices can only be maintained when money and population increase in equal relative proportions. General prosperity and a general fall in prices never did and never can co-exist.

ORIGIN OF THE SCHEME OF DEMONETIZATION.

The scheme of demonetizing one of the metals throughout the western world originated soon after the discovery of gold in California and Australia, at a time when the yield was at what has since proved to have been its maximum, but which was then expected by many to continue on an ascending scale for an indefinite period. An eminent English writer (De Quincey) published at that time an elaborate collation of current accounts, from which he arrived at the conclusion that the annual out-turn of gold would soon reach seventy millions sterling, or \$350,000,000. On the basis of such expectations, the governments of Europe were invoked by Chevalier and others to prevent the anticipated depreciation in the value of money, or, in other words, the anticipated rise in general prices, by the demonetization, not of silver, but of gold.

Chevalier (Fall of Gold, 1856-'57) said:

The quantity of gold annually thrown on the general market approaches, in round numbers, a milliard of francs (\$200,000,000).

Those two countries (California and Australia) must, for yet a long series of years, produce gold in such quantities and on such conditions as to render a marked decline in its value inevitable.

It is absolutely certain that so vast a production should be accompanied with a great reduction in value.

In no direction can a new outlet be seen sufficiently large to absorb the extraordinary production of gold which we are now witnessing, so as to prevent a fall in its value.

Unless, then, we possess a very robust faith in the immobility of human affairs, we must regard the fall in the value of gold as an event for which we should prepare without loss of time.

Under these appeals of Chevalier and others, several nations in Europe, notably Germany and Austria in 1857, demonetized gold. It is probable that the movement in that direction would have become universal in Europe but for the resistance of France. It was changed, at least as early as 1865, into a movement for the demonetization of silver. In the convention of 1865, in which the Latin Union was formed, Belgium, Italy, and Switzerland insisted strenuously upon the adoption of the gold standard, but were overruled by France. But this change, from demonetizing gold to demonetizing silver, was more of form than of substance. The object aimed at by both was, through a disuse of one of the money metals, to protect the creditor classes and those having fixed incomes against a fall in the value of money and a rise in general prices. This is the pith and marrow of the monetary discussions of the last twenty-five years.

In the official *résumé* of the doings of the French monetary commission of 1869, the arguments upon both sides were summed up.

In behalf of the gold standard it was said:

The rise in price which has taken place within twenty years in a great number of articles of merchandise is evidently due to many causes, such as war, bad harvests, and increase in consumption; but it is very probable that the depreciation of the precious metals has contributed to it, since there has been a striking coincidence between the rise of prices and the production of the new mines of gold and silver. The annual production of the two metals, which was only \$80,000,000 in 1847, exceeds now \$200,000,000. It has nearly tripled, and it is easy to see that the real value of the metals has diminished. It is difficult to estimate exactly what the diminution is; but, whatever it may be, it demands the attention of governments, because it affects unfavorably all that portion of the population whose income, remaining nominally the same, undergoes a yearly diminution of purchasing-power. As governments control the weight and standard of money, they ought, so far as possible, to assure its value. And as it is admitted that the tendency of the metals is to depreciate, this tendency should be arrested by demonetizing one of them.

In behalf of the double standard it was replied as follows:

Many economists argue that the precious metals, having become very abundant, have lost 10 or 15 per cent. of their value, and that the situation must be redressed by making money scarcer by demonetizing silver. To this it may be answered that the great discoveries of gold of the last twenty years have injured nobody. The new mass of gold, spreading over the whole world, has found employment in stimulating all forms of business, and, as a consequence, the value of gold has fallen very little. According to Mr. Newmarch, the mass of gold and silver has augmented 3 per cent. per annum, while the mass of exchanges has augmented more than 3 per cent. per annum, so that the equilibrium has been maintained. And the present is an especially inopportune time to demonetize silver, because the annual production of gold has been falling off for several years. It was \$200,000,000 in 1853, and it is now not more than \$140,000,000. What will happen to the civilized world if silver is demonetized and if gold shall then fail?

The Dutch monetary commission of 1873, adopting the views of the advocates of a gold standard, maintained that the value of money had been depreciated by an excessive gold production since 1848, and that, as a great gold production still continued, a rise in the value of gold would not occur, even if a greater share of the monetary function was devolved upon it, by demonetizing silver. Their language was:

In consequence of the very great production of gold, it is not probable, even if gold is more employed as money than heretofore, that we shall see the fall in the value of the precious metals, which we have witnessed for twenty-five years, followed as to gold by any permanent rise.

In all the European discussions, after 1848 and prior to the German demonetization of silver and its consequences, the point made was not that either metal had depreciated relatively to the other, but that by reason of extraordinary supplies of gold from California and Australia, supplemented about 1865 by new supplies of silver from Nevada, both metals had depreciated relatively to labor and commodities, and that those having fixed incomes were being injured by a rise in prices. So long as the double standard existed, a new supply of either metal was only an addition to and only affected the value of the general mass of money and not the relative value of the metals.

The "fall in gold," which Chevalier lamented in 1857, was its fall in relation to property. He pointed out how the double standard had prevented any change from occurring in its relation to silver, and how it would continue to do so until the silver of double-standard countries was exhausted. In order, therefore, to protect the interests of the income classes, it was claimed to be necessary to demonetize one of the metals, and gold being the metal which then promised the most abundant yield was selected for the purpose.

It was the depreciation in the value of the precious metals and of money, supposed to have already resulted from the new supplies of gold, which made him the conspicuous advocate of the demand that one of the metals should be demonetized in order to "*redress the situation.*"

In the conference of 1865, which resulted in the formation of the Latin Union, Belgium, Italy, and Switzerland, in insisting upon the demonetization of silver, were not influenced by either its actual or anticipated depreciation relatively to gold. The annual silver production of the United States was then only eleven million dollars. In 1871, when Germany decreed the demonetization of silver, the relative value of gold and silver was steady and unchanged, and no change was apprehended. As Germany then had the single standard of silver, changes in the relative value of gold and silver in the London market, unless very large, could have been of but little importance to that empire. It was not a fall in the value of gold relatively to silver which caused Germany to demonetize gold in 1857, neither was it a fall in the value of silver relatively to gold which induced that empire to demonetize silver in 1871. In both cases Germany was governed by one and the same apprehension, that the mass of money, or of the precious metals combined, was undergoing a depreciation, and that the adoption of a single standard was needed to "*redress the situation.*" And it is apparent that it was quite indifferent to Germany which metal was selected for the standard.

The change of movement from demonetizing gold to demonetizing silver resulted from two causes. The first and principal one was the discovery that the immobility and tenacity of the English character made a European union upon a single metal other than gold impossible. The second was the discovery of the Nevada silver mines.

In 1861 the Washoe region, or Comstock lode, began to attract attention. In 1863 three thousand silver-mining companies had been organized in San Francisco, with a nominal capital of \$1,000,000,000 and with thirty thousand stockholders. European interest was so much excited that the French Emperor sent a special commission to examine these mines. The ideas largely prevalent in 1868 may be found in a report of Ross Browne, an official agent of this Government, which was extensively circulated, under the title of "Resources of the Pacific Slope." Mr. Browne said in that report:

They [the precious metals] are now increasing more rapidly than is the demand for them, and, at the present rate of increase, they would soon have to fall perceptibly;

but the production will become much greater than it is. * * * If all the argentiferous lodes of Mexico, Peru, and Bolivia, known to be rich, were worked with the machinery used at Washoe, their yield would really flood the world. * * * New deposits of silver will be found, and innumerable rich lodes on the Pacific slope of the United States, not yet opened, will be worked with profit.

These sanguine expectations in respect to the yield of silver, like the previous expectations in respect to the yield of gold, have been baffled by the event; but they were sincerely entertained, and were largely instrumental in alarming the moneyed capitalists of the world and inducing them to exert their power and influence with various governments in the direction of demonetizing silver. Their fear now was, not that the increased yield of silver would depreciate that metal relatively to gold, but that it would produce a fall in the value of money, consisting of both metals, as the yield of gold had previously done, and cause a rise of general prices, to the prejudice of the income and creditor classes.

EXAGGERATIONS OF THE SILVER YIELD.

What we are now witnessing, and have witnessed since 1856, is a decrease in the annual yield of gold, exceeding in amount the annual increase in the yield of silver. All the probabilities point to a continuance of this reduction in the yield of gold in the future. If there is danger of an undue increase of the production of the two metals combined, or if there is any good foundation for the hope that the combined production can be kept up to the point of correspondence with the increasing need of money, it is to be found in a still further increase in the yield of silver, and, for the present, in such increase in this country.

From the conditions surrounding its production, it is not reasonable to suppose that the supply of silver from Mexico, Central America, or South America will vary much in the future, certainly not in the immediate future, from what it has long been in the past. Their production of silver is now decreasing rather than increasing. The condition of things in all those countries is too stationary in respect of population, capital, skill, and political situation to justify the expectation of any great increase in their silver product. The United States is the only highly progressive nation which possesses silver mines of importance. There are none in Europe or in the British colonies which are known and worked. It is the mines of the United States which have furnished the entire increase of silver which has occurred since 1860, and it is from these mines only, according to all appearances, that this increase can be maintained or carried to still higher figures.

Tabulated statements of the production of silver were submitted to the British parliamentary silver commission of 1876, by Sir Hector Hay, a bullion broker of London, who was referred to by that commission as a very high authority. These tables cover a period of twenty-four years, from 1852 to 1875, both inclusive. They give the annual production of silver outside of America, without any variation from year to year, at £2,000,000, or \$10,000,000. This estimate must include the silver extracted from Spanish lead and other argentiferous imported ores in the refineries of England. During the first two-thirds of these twenty-four years the annual production of Mexico and the countries south of it is put down, without yearly variation, at £6,000,000. But in the last third of these twenty-four years there are some yearly variations, although not great, and the average annual yield is estimated at £5,125,000. In each of the two last reported years, 1874 and 1875, it was £5,000,000. Upon the whole, the production of the world, outside of America, may be taken as small, unimportant, and stationary. In Mexico and the

countries south of that republic it is large and important, but in the immediate present decreasing rather than increasing. Undoubtedly capacities for and possibilities of increasing the yield of silver exist there, but where a business like that of silver-mining has been prosecuted steadily and continuously for nearly four centuries, great and sudden changes either in the methods or results of mining may not be expected except under some such remote contingency as the occupation of Mexico by the people of the United States.

In 1800, according to Humboldt, the annual silver-production of Mexico and the countries south of it was £7,071,831. During the period from 1809 to 1829, in consequence of the revolutions against the Spanish Government, it fell, according to Jacob, to an annual average of £3,109,000. As has been seen, it subsequently advanced to an annual average of £6,000,000, and stands now at about £5,000,000.

The average annual yield of silver in the United States during the five years ending with 1875 was \$23,800,000. As no silver was produced in this country during the five years ending with 1856, it results that the world's average annual yield of silver in the five years ending with 1875, as compared with the five years ending with 1856, increased \$23,800,000 in the United States, diminished \$4,353,130 in Mexico and the countries south of it, and was stationary elsewhere. Comparing those two periods, the net increase of the world's annual silver-yield was therefore \$19,446,870.

More than one-half of the silver-product of the United States is from the Comstock lode. A sudden cessation of the yield of that lode is not to be expected. An average depth of 1,800 feet having been attained, it may be safely presumed that the culminating point of its production has been reached, and that a decrease is probable in the near future. (See minutes on silver-production.) That such is the judgment of the community where these mining-properties are located, and where they are principally held and best known, is shown by the declining market-price of the stocks representing them. The utmost that can be hoped for is that the total supply may be kept up by increased vigor in the working of the lower-grade argentiferous veins which are found so abundantly in the Rocky Mountains and westward to the Sierra Nevada. But, from the slowness which characterizes the development of ordinary silver-mines, it is not probable that their yield will increase as rapidly as the yield of the Comstock lode will diminish.

All that can be safely said on the possible discovery of new and great bonanzas is that the chances are against such discoveries within any near period. More than three centuries elapsed between Potosi and the Comstock lode, and it is a fact of observation, both in respect to silver bonanzas and great gold-fields, that they are separated by great spaces of geographical distance. It certainly cannot be proposed to predicate legislation upon the possible discovery of new gold-fields like those of California and Australia or of new silver-lodes like those of Potosi and the Comstock.

So far as the future of silver-mining in the United States depends upon the increased working of ordinary silver-mines, it is safe to assume a steady advance as capital and labor become more abundant and as the means of access to the regions in which those mines are found are multiplied and improved. But experience has shown that rapidity in such advance is not to be expected. It takes time to inspire capital with confidence in such investments, and the more so because the needed capital must be drawn, to a large extent, from points remote from the localities of the mines. No increase in the yield of silver in the im-

mediate future seems, upon the whole, to be probable, and it is still less probable that there can be such an increase as will compensate for the continuing decrease in the yield of gold. And even if this should be the case, there would be no increase in the aggregate supply of the two metals, which is now scarcely sufficient to meet the money needs of the world's advancing population and to keep the existing stocks good against loss by accident and abrasion and consumption in the arts.

According to the estimates of Tooke and Newmarch, the gold-yield of the world during the first five years of the California and Australian developments, ending with and including 1856, averaged annually £29,176,000, and during the five years ending with and including 1875, £20,308,200, showing an average annual reduction in the latter period of £8,867,000.

According to the estimates of Sir Hector Hay, the gold-yield of the world in the five years ending with 1856 averaged annually £29,935,000, and in the five years ending 1875, £19,640,000, showing the larger reduction of £10,295,000.

The smaller of these two estimates of reduction in the yield of gold is considerably larger than the increase in the yield of silver during the five years ending with 1875, but the silver-yield of the United States is now greater than \$23,800,000, which was its annual average during the five years ending with 1875. By so much as it is greater, so much more nearly does the silver-increase offset the gold-decrease. But on no estimate is the offset a complete one.

It thus appears that the aggregate production of the two metals has declined since 1856, and that the probabilities are at least as strong of a future decline as of a future increase. But it has been urged that the yield of the two metals in 1856 was much too great, and that the yield for the last twenty years, on a scale somewhat but not much declining, has been in excess of the legitimate wants of commerce and increasing populations, and that the continuance of the production on an equal scale would tend to depreciate the value of money and to increase the prices of commodities to an injurious and dangerous extent. If this is true, it would tend to indicate and excuse the demonetization of one of the metals as a measure necessary to protect the interests of creditors.

Undoubtedly the largely-increased out-turn of the two metals for the five years ending with 1856 produced a general increase of prices throughout the commercial world. But no evils resulted from this increase, which, on the contrary, so stimulated productive industry as to be of immense benefit to all classes, including creditors. But whatever resulted, the fact is an accomplished one. The world has accommodated itself to the new range of prices, and to demonetize either metal in order to restore the old range would bring on evils vastly greater than those sought to be remedied. There is no rule of equity or expediency which requires the world to go back to the prices of 1848, which would not require it to go back to the prices before the discovery of America. The vital questions to be decided are, whether the yield of the precious metals has been more than sufficient to maintain the range of prices attained from 1856 to 1865, and whether the present and prospective yield promises to do more than this for the future, and whether it is not more probable that the utmost yield of the two metals combined, which can reasonably be expected, may prove too small for the world's rapidly-growing wants, and cause a fall rather than a rise in general prices.

It is not proposed to enter upon the question still in dispute as to the most accurate mode of calculating an average of prices, but to state the conclusions upon which there is a substantial agreement. These conclusions are—

1. That from the beginning of the revolutionary troubles in South America in 1809 to the opening of the California mines in 1849 there was a continuous rise in the value of money and a corresponding fall in the price of commodities. According to Jevons, money increased in purchasing-power during this period 145 per cent.

2. That after 1849 there occurred a fall in the value of money and a rise in the price of commodities, which reached their maximum about 1865. During this period, according to the same authority, the purchasing-power of money decreased 15 per cent.

3. That this decrease in the purchasing-power of money has since then been quite overcome, and that its command over property is at least as great as it was in 1849, and very much greater than it was in 1809.

These conclusions relative to values and prices refer solely to the relation between money and property, and not to the relation between money and labor.

It is plausibly maintained by many economists that an increasing volume of money has a greater and more immediate effect in increasing the wages of labor than it has in increasing the prices of commodities. One reason given for this is that an increasing volume of money, while it stimulates industrial enterprises, at the same time furnishes the means to so organize and classify labor as to make it more effective, so that, although there may be a nominal and, so far as the workman is concerned, an actual advance in wages, the real cost of labor to the employer is not increased. It is probable that the main and governing cause for the increased efficiency of labor is to be found in the moral effect which increased wages and steady employment have on the workman. They inspire him with a confident hope of bettering his condition. This hope imparts vigor to his arm and willingness to his mind. It stimulates his mental and especially his inventive faculties. Every period of increasing money has been marked as the most fruitful in the inventions of labor-saving machinery. These inventions, while they cheapen the cost of commodities, increase the demand for them to an extent fully as great, and do not diminish either wages or the demand for labor.

There is a diversity of opinion as to the exact dates at which prices may have risen or fallen and as to the exact extent of such rise or fall; but it is universally conceded that the great increase of the world in commerce, in wealth, and in the population of its civilized portions, following and caused by the California and Australian discoveries, has more than kept pace with the yield of the precious metals since 1865, and that in or about that year the rise in general prices caused by these discoveries was distinctly checked and that they have since shown a large decline. This decline has been undoubtedly aggravated by the demonetization of silver in several commercial countries.

The suspensions of specie payments in Russia (in 1857), in the United States (in 1862), and in Italy (in 1866), all within twenty years, not only liberated a very large amount of specie, which was exported to specie-paying countries, but cut off the demand of the suspending countries for the supplies of gold and silver which would have been required to keep up their stock of money if it had remained metallic. Were it not for this extraordinary supply and decreased demand, it is more than probable that the specie prices of commodities would now range lower than they did in 1849. It is certain that a resumption of specie payments in all or either of the three countries named would make such a demand for specie as would greatly appreciate its value, and force prices to a much lower level.

The still-continuing suspensions which occurred in the Argentine Confederation (in 1857), in Peru and Austria (in 1868), and in France (in 1870) also diminished the demand for specie and increased its supply to the specie-paying countries, but in much less measure than the suspensions in Russia, Italy, and the United States.

The increase of the world in population, wealth, and commerce is still continuing. The stock of metallic money will consequently become inadequate if it remains stationary, and still more suddenly and greatly inadequate if it should be reduced by the demonetization of either of the precious metals. The progress of mankind in the particulars mentioned has a most important bearing on the question of demonetizing silver. It will require the highest possible production of both metals if that progress is to continue in the future as great and rapid as it has been in the past. In general, we know that this progress has been very great during recent years, but the statement of certain particulars may give a more exact and just idea of it.

The following is a statement of the aggregate exports and imports of the three leading commercial nations, Great Britain, France, and the United States, during five successive decades, the whole covering the half century ending with and including 1874:

Periods of ten years ending with and including—	Aggregate of imports and exports.
1834.....	\$8,333,656,168
1844.....	11,501,879,982
1854.....	17,495,140,919
1864.....	32,751,773,510
1874.....	51,915,727,730

In the ten years ending with 1854, although the new supplies of gold affected only the latter part of that period, the increase was more than 50 per cent.

A comparison of the ten years ending with 1874 with the ten years ending with 1854 shows that commerce nearly trebled in those twenty years.

These comparisons show how new uses absorbed the new supplies of gold, so as to prevent an increase of prices. Another mode of stating it may be that the new supplies of gold rendered possible the enlarged operations of commerce. And, doubtless, both modes of statement are necessary to cover all the aspects of the fact.

In the following tables the advance of each of the three leading commercial nations is separately stated:

GREAT BRITAIN.

Decade ending—	Aggregate of imports and exports.
1834.....	\$4,646,225,000
1844.....	6,343,900,000
1854.....	9,893,215,000
1864.....	18,019,165,000
1874.....	28,500,555,000

FRANCE.

Decade ending—	Aggregate of imports and exports.
1834.....	\$1,913,000,000
1844.....	2,741,400,000
1854.....	4,088,000,000
1864.....	8,327,200,000
1874.....	12,728,400,000

UNITED STATES.

Decade ending—	Aggregate of imports and exports.
1834.....	\$1,774,431,168
1844.....	2,416,579,982
1854.....	3,543,925,919
1864.....	6,405,408,519
1874.....	10,686,772,639

In Italy the public revenue increased from \$250,000,000, in 1861, to \$550,000,000, in 1873; and the aggregate of imports and exports from \$330,000,000, in 1869, to \$454,000,000, in 1872.

Without multiplying illustrations, it may be said that commerce has everywhere wonderfully increased under the stimulus of the great supplies of gold from California and Australia. The London Economist of May 11, 1865, said:

We find here [in Great Britain] our external trade doubled in the last twelve years, and this external trade is, we believe, but a faint representation of the increase of transactions throughout the whole of our domestic industry. But not only has this multiplying process been carried on in those islands; it has prevailed almost as largely in France, and has spread all over Germany. It has filled Italy, aroused Spain from its long lethargy, and penetrated even to the remote provinces of Russia. No corner of Europe has remained insensible to the new stir of industry and enterprise. All these facts are indications of the enormous addition which has been made during the last fifteen years to the extent and depth of the channels of circulation required to be filled with metallic money in some form or other. The truth is that with the present and extended commerce of the world far more mischief and inconvenience will arise from the effect of what seems to be a continuous gradual decline in the new supplies of gold than from any effects which have flowed or may flow from the California and Australian discoveries.

Of railroads, which are at once a proof and an instrumentality of commerce, about seven-eighths of all existing lines have been constructed since the discovery of gold in California.

According to Poor's Railroad Manual for 1876-'77, there have been completed in the world to the present time 182,690 miles of railroad. Of this vast mileage only 24,102 miles were completed in 1850.

The increase of the world's wealth since 1849 admits of no accurate computation. In this country, according to the following estimates from the census-reports, it more than quadrupled in twenty years.

	True value of property in United States.
1850.....	\$7,135,000,000
1860.....	16,159,000,000
1870.....	30,068,000,000

In the British Australian colonies the rate of increase was greater. In Europe it was less, although still great. In the world as a whole it must certainly have kept pace with the increase of the stocks of the precious metals.

In Great Britain and Ireland the value of property assessed to income-tax was :

1872.....	£435,000,000
1848.....	256,000,000
Increase.....	179,000,000

It is a striking feature of modern and especially of recent times that the area of civilization, with all its attendant conditions, has been immensely extended over substantially unoccupied portions of the earth. The foremost European races have spread rapidly and resistlessly in every direction. Wherever they have planted their feet they have established order, encouraged industry, built up commerce, created wealth, and infused with the commercial idea the sluggish populations by which they were surrounded. It is thus that Europe grows quite as much abroad as at home, and it will be its glory in coming times to be overshadowed by its colonies, which are diffusing its blood, genius, arts, and languages over every continent and over the isles of all the seas. While the former seats of civilization expand in population and power, new and great civilized nations appear upon the scene. The figures which mark the extent of these new creations enlarge so rapidly and so soon become obsolete and useless that it seems a waste of time to charge the memory with them. The annual imports of Australia are now stated at \$250,000,000, implying an aggregate foreign commerce of twice that amount, which surpasses that of Great Britain forty years ago, that of France twenty-five years ago, and that of the United States twenty years ago. Canada, the Cape of Good Hope, and other British dependencies attest also the colonizing energy of Great Britain, and, if less strikingly, it is only because of the contrast with the prodigious advancement of Australia. In South America the colonization of other European races, not accompanied as in the British case by extensions of European sovereignty, but equally involving the extension of European civilization, is proceeding upon a great scale. During the year 1875 the European emigration to Buenos Ayres actually exceeded that to New York.

If the business of the world is to be based on metallic money the production of either of the metals would be entirely insufficient. Both gold and silver must still be used as money, and the production of both must continually increase if the advance of the world in wealth, commerce, and population is to continue in an equal ratio as in the recent past. If metallic money becomes insufficient, by reason of the demonetization of either of the precious metals, or from any cause, one of two things must happen—

The commercial, industrial, and numerical progress of mankind must be arrested, and if the decrease of money shall be a continuing one and cover a long period of time it must end in an absolute check to progress and possibly in the destruction of existing social and political institutions.

Or, what is most probable, relief would be sought in an extension and perpetuation of existing systems of inconvertible money, which owe their origin to the pressure of expanding population and commerce against the restrictive bounds of a stationary and perhaps declining aggregate supply of the two metals.

During certain periods in the past, when prices have been falling by reason of a shrinkage in the volume of money, a slow and toilsome advance has been made in the accumulation of wealth. Under such conditions its just distribution is impossible. A shrinking volume of money and falling prices always have had and always must have a tendency to concentrate wealth, to enrich the few, and to impoverish and degrade the many. This tendency is subtle, active, and portentous throughout the world to-day.

FLUCTUATIONS IN THE RELATIVE PRODUCTION OF THE METALS DO NOT AFFECT THEIR RELATIVE VALUE UNDER THE PRESENT CONDITIONS OF THE WORLD'S BUSINESS, SO LONG AS THE LAW OF ONE OR MORE IMPORTANT COUNTRIES PERMITS THE UNRESTRICTED COINAGE OF BOTH METALS, AND INVESTS BOTH EQUALLY WITH THE MONEY FUNCTION.

It is said that changes in the relative value of the two metals are caused by changes in the cost and amount of their relative current production, and that from the very chance nature of mining changes in the cost and amount of production must constantly occur, and that, consequently, such frequent changes must be made in the legal relation of gold and silver as to render the maintenance of the double standard extremely inconvenient.

It has always been a theoretical objection to the double or optional standard that the market-relation of value of gold and silver might so diverge from the legal relation as to render a readjustment of the latter occasionally necessary. We have had but one readjustment since 1792 in our own coinage, namely, in 1834. The change of 1837 in the legal relation was too minute and trifling to be called a re-adjustment. The re-adjustment of 1834 was not made necessary by any change which had taken place in the market-relation of gold and silver, but because the legal relation originally established in 1792 did not accord with the market-relation at that time. If the proper relation had been established in 1792, it is doubtful if a re-adjustment would have been required down to the present time. In the debates in the French Chambers upon the law of 1803, fixing $15\frac{1}{2}$ to 1 as the legal relation between gold and silver, it was conceded that changes in that relation might be required at probable intervals of half a century; but none has, in fact, been made in France since then, nor until recently have any even seemed to be necessary.

The relative value of the two metals, which had fluctuated considerably during the Middle Ages, settled and became steady about the middle of the seventeenth century. Whether because the great opposing forces of the American supply of, and the Asiatic demand for, silver had then reached the final adjustment of their effects, or whatever may have been the cause, the fact is certain that from that time on, and for more than two centuries, and down to 1874-'75, when the German demonetization of silver began to come into practical operation, the fluctuations were slight and unimportant, except during a short period, when England disturbed the markets by adopting a gold standard.

In the appendix to this report will be found *Minute on the Market Ratio Between Gold and Silver in London, England, from 1760 to the Present Time*. The ratios between gold and silver between 1833 and 1875 are taken from the tables furnished by Pixley & Abell, bullion-brokers, of

London, to the British Silver Commission of 1876. The ratio each year from 1833 to 1875 is based on the average price in gold in each month of the year of one ounce of standard silver. When the London quotation is fifty-nine pence per standard ounce, the relative value of silver and gold in that market is 15.98 to 1. This is the legal relation that was established in this country in 1834-'37, and which remained unchanged until it was abrogated by the demonetization of silver in 1874. When the London quotation is 60.87 pence per ounce, the relative value of silver and gold in that market is $15\frac{1}{2}$ to 1, which exactly corresponds with the legal relation between the metals in the Latin Union.

A comparison of the fluctuations in the relative value of the two metals with the fluctuations during the same periods in their relative production, will show how small an influence the latter have had upon the former.

The period from 1833 to 1875 covers twenty-seven years after the California discoveries and twenty-four years after the Australian discoveries. There was an enormous increase after 1848 in the relative annual production of gold, and this increase had in 1873 continued long enough to affect very greatly the relative magnitude of the stocks of the two metals.

From the date of the discovery of America until 1848, Chevalier estimates the production of gold and silver respectively as follows:

	Silver.	Gold.
From America	\$5,261,000,000	\$1,998,000,000
From elsewhere.....	444,000,000	628,000,000
Total.....	5,705,000,000	2,626,000,000

The gold supply was 31 per cent. of the whole.

Also see appendix, *Minute on the Production of Gold and Silver in the Western World from the Discovery of America to the Present Time.*

The annual production at the beginning of this century was, according to Humboldt—

	Silver.	Gold.
From America.....	£7,071,831	£2,382,315
From elsewhere.....	661,145	251,822
Total.....	7,732,976	2,634,137

The gold supply was then 25 per cent. of the whole.

During the twenty years from 1809 to 1829, when the American supply was seriously reduced by revolutionary troubles in the Spanish colonies, the annual average production of the world was, according to Jacob, in gold, £1,598,000, and in silver, £3,639,000. This made the annual gold supply during that period 30 per cent. of the whole.

In 1846, in consequence of a heavy yield from the Russian gold-fields, the supply of gold was from 50 to 52 per cent. of the whole, but so large a proportion of gold had been produced only for a short period prior to 1848. According to all estimates the supply of gold for three centuries and a half prior to 1848 was only some proportion between 25 and 31 per cent. of the total supply of the two metals.

According to the figures of Sir Hector Hay, heretofore given, and which do not materially differ from those of Tooke and Newmarch, and other accepted authorities, the proportion of gold production to the combined production of gold and silver was—

In five years ending with and including—	Proportion of gold to supply of both metals.
1856.....	79 per cent.
1861.....	75 per cent.
1866.....	71 per cent.
1871.....	71 per cent.

And even during the four years ending with and including 1875, the Comstock lode had only carried up the relative production of silver to a proportion of about 40 per cent. of the supply of both metals.

During the entire twenty years ending with and including 1871, the proportion of silver was only about 27 per cent. of the whole production, whereas for three and a half centuries prior to 1848 it was from 69 to 75 per cent. of the whole production. Even in 1876 the yield of silver was only 43 per cent. of the whole production.

These facts show how great a change the gold discoveries of the middle of this century made in the relative out-turn of the two metals.

How trifling were the changes in the relative value of the two metals during this enormous change in their relative production will appear from the minute on the market ratio of gold and silver.

The London quotation of the price of silver in 1871 was $60\frac{1}{2}d.$ per standard oz. During none of the five years ending with and including 1871 did it exceed $60\frac{3}{16}d.$, and the average during the whole five years was $60\frac{4}{80}d.$ During the five years preceding 1848 it averaged $59\frac{3}{80}d.$ The utmost that can be set down to the score of the California and Australian gold yield as a disturbing cause is this difference between $60\frac{4}{80}d.$ and $59\frac{3}{80}d.$ There were intermediate differences somewhat larger, but the greatest, that of $62\frac{1}{16}d.$ for the year 1859, was clearly due to the sudden and largely increased demand for, and purchase of, silver in England to remit to India to construct railroads and other public works, the necessity for which had been made apparent in the great Sepoy rebellion. It is, at any rate, a pregnant coincidence that the greatest aberration in the London market in the relation between gold and silver, prior to the German demonetization, was contemporaneous with an extraordinary demand for silver for India, for uses till then unknown in that country. It is doubtful whether any of these changes in the relative value of the metals should be ascribed to changes in their relative production. They were practically confined to the London market and measured the varying premiums which England was obliged to pay for the luxury of a gold standard. The silver needed for its great dependency could have been obtained without premium or inconvenience if the metals had been legally interchangeable, as in France. It has never been shown that the maximum change in the relation which occurred in 1859 was a source of loss, or even inconvenience, to double-standard countries. On the contrary, the French Baron Rothschild says that France has profited largely from the premiums which England has been compelled to pay for silver from time to time.

Ernest Seyd (Bullion, page 631) ascribes the occasional higher prices of silver in London to the demands for the eastern trade, and adds that "on the continent silver has varied but little in price." Sir Isaac Newton, in 1717, treated much larger fluctuations in London, arising from the same cause, as of no importance. In his report, then made as master of the mint, he determined the average price of silver in London to be $64\frac{1}{2}$ pence, and adds:

When ships are lading for the East Indies, the demand of silver for exportation raises the price to 66 or 68 pence, or above, but I consider not those extraordinary cases.

The sudden increase of the demand for silver in England in 1859, is shown by the fact that British silver exports to the East rose from £4,753,933 in 1858 to more than three times that amount in 1859.

The steadiness in the relative market-value of the two metals under a sudden and great increase of the supply and stock of gold having been thus demonstrated by experience, it is incredible that it can have been at all affected by the smaller and slower increase of the last few years in the supply and stock of silver. For a long period of time prior to 1848, silver had been produced greatly in excess of gold, and is not now produced equally with it, and is not likely to be so produced for many years. The most that can be said is, that the yield of silver has recently recovered from a temporary relative deficiency. Its present increased yield, as has been shown, is principally from the Comstock lode. Even if an excessive relative production of either metal would tend to disturb the relative value of the metals, the production of the Comstock lode, which yields almost as much gold as silver, could not occasion such a disturbance.

The results following the extraordinary supply of gold from California and Australia, as well as those which followed the extraordinary supply of silver after the discovery of America, show that the steadiness of the relative value of the metals, under great vicissitudes of production, is sufficiently great to justify their concurrent use as money, and is very much greater than the steadiness in the value of either or both of them, as compared with all other things.

One cause for the steadiness in the relative value of gold and silver is perhaps to be found in the hypothesis that during the past three centuries, when the variations in their relative market value have oscillated between 14 and 16 of silver to 1 of gold, the variations in the relative cost of producing them have also been between 14 and 16 to 1, taking into account all the varying conditions of production. But while there seems to be a not very unsteady relation of value between the metals, independent of legislation, whether based upon cost of production over long terms of time, as assumed in the foregoing hypothesis, or upon the relative magnitude of the accumulated stocks of gold and silver, or upon some other foundation, it also appears to be established by experience that law can make the relation exact and permanent, within the range of fluctuations determined by other causes. A law undervaluing any particular commodity, whose current production rarely exceeds its current consumption, would be speedily defeated by a stoppage of its production and the disappearance of the article undervalued. The enormous stocks of the precious metals, the accumulations of centuries, and imperishable, so greatly exceed in amount either the production or consumption of any one year, or of scores of years, that the law can control their relative value in the performance of the money function which it confers on them. It is the enormous surplus of the precious metals over and above the demand for them as commodities which places it within the power of the law to control their relative values, and the larger this surplus is the more exactly and permanently can the law control them. The view seems extreme and untenable that this power of the law is without limit, as, for instance, that it could permanently make silver and gold equal in value pound for pound. At that rating, gold would be produced only under exceptional circumstances, and the gold in existence would rapidly leave the coinages for the other uses, to which it is essential, or pre-eminently adapted.

Whenever the surplus stock of the under-valued metal should disappear, the power of the law to control its value relative to the other metal would cease. The demand for it in the arts would be superior to the demand for it as money, and would absorb the current production at higher than mint rates. But whatever doubt may exist as to the possibility of establishing an equivalency between the metals of one for one, or any other extraordinary equivalency, there can be no doubt that the United States alone could by law establish exactly and permanently an equivalency between them, which has practically withstood the mutations and frictions of three centuries of time.

The use of the precious metals as money is as old as tradition, and there can be no doubt that this use originated in the universal estimation in which these beautiful metals had always been held and in the qualities of durability, divisibility, and portability which fit them for the monetary function. Nor can there be any doubt that originally the value of gold and silver followed closely the cost of their production, and that the demand for them as commodities was the controlling, but variable, force in regulating their values. But when in the progress of society large stocks of the metals had been accumulated and their use as money had become established; that use and the demand which resulted from it became the controlling force in regulating their values. Demand and supply are the sole factors out of which exchangeable value arises. The demand for gold and silver as commodities is limited and fluctuating, but when the law invests them with the higher function of money and makes them the common denominator of all values, that limited and fluctuating demand is changed to an unlimited and constant one, which fixes their value for other and inferior purposes.

The demand for the precious metals as commodities is believed by many to be still essential to their general and ready acceptance as money. If this is true, it is a misfortune. The happiness and prosperity of the world, if not wholly dependent upon, are largely influenced by, the steadiness of the value of money, which cannot exist without steadiness in its volume. The demand for the precious metals as commodities is fitful and irregular, and always affects the volume of money in the most injurious direction, that of decreasing it. History shows that a deficiency of money is more probable and more to be feared than an excess, and this deficiency is caused in a great measure by the insidious and constant encroachment upon the precious metals of other demands for them than as money. When the magnitude of the world's interests and equities, which rest on steadiness in the value of money, is contrasted with the comparative unimportance of the uses of the metals as commodities, it becomes apparent that the subjection of the value of money to disturbance from the demands for gilded signs and looking-glasses, for bangles and breast-pins, is an evil which the benefits derived from such uses but poorly compensate.

The power of law in steadying the relative value of the metals has been signally illustrated during the extraordinary variations of the last thirty years in their relative supply. To whatever extent gold depreciated in relation to commodities from 1848 to 1865, after the California discoveries, silver depreciated to the same extent, notwithstanding the enormous decrease in its relative production during that period. The two metals fell together because the ligature of law was strong enough to hold them together. The French law of 1803 held their relations steady in Europe until it was practically abrogated by the limitation of silver coinage in 1874, and its total suspension in 1876. Jevons likens the stocks of the two metals to two reservoirs, supplied from

independent sources, and, therefore, tending to differences of level, but actually kept at the same level by a connecting-pipe. The connecting-pipe between the metals is the law, which establishes a legal relation of value between them, and which, by authorizing their interchangeable use as money, maintains their market and legal relation of value at the same level.

It is not claimed that law can directly control the relative values of the metals, or of anything else. But it is claimed that upon the slightest divergence between the two metals, the law of the double standard creates a new and constant demand for the cheaper metal, while at the same time it suspends all demand for the dearer one, and, until the equivalency is restored, furnishes a supply of the dearer metal to the markets of the world. It thus operates on demand and supply, which, it is not denied, are the sole factors of value.

The power of a country whose laws establish the double standard to steady the relative value of the metals in the markets of the world depends, first, upon the aggregate amount of its metallic circulation, and, second, upon the proportions of each metal in that supply. A country with a metallic circulation of, say, \$150,000,000 in gold and \$250,000,000 in silver, has the power to furnish to the world's markets those amounts respectively of both gold and silver, and to take in corresponding amounts of the other metals. Under these conditions it could to that extent check fluctuations in either direction and from whatever cause arising in the relative value of the metals. But if the metallic money of a country were \$400,000,000, wholly in silver or gold, it could only prevent a rise in the relative value of the particular metal which it possessed, which it could do by yielding up to the markets the whole of that metal and absorbing in its place an equal amount of the other. Thus France, during the period of the greatest gold yield, absorbed under the free operation of the double standard not less than \$500,000,000 and probably \$700,000,000 in gold in eight years and yielded up a sufficient amount of silver to maintain the equivalency between the metals.

The metallic circulation of Great Britain is generally estimated at \$600,000,000, and of France at \$1,000,000,000. On a comparison with any other on a metallic basis, 500,000,000 is the least amount of metallic money that can be assumed to be sufficient for this country in the event of resumption. With that amount divided between gold and silver in any proportion which can be conceived to be probable, the power of the United States would be sufficient to maintain the equivalency of the metals against greater fluctuations in the supply and demand than have ever occurred in the direction of depreciating silver, or are ever likely to occur in either direction.

It has not been deemed necessary, in view of the patent and accumulated facts of experience, to present all the technical and theoretical arguments and subtle considerations which sustain the theory that supply and demand, as commonly understood, have only a minor influence upon the value of a vast surplus of any commodity which the law invests with the functions of money, and that law is the major and paramount influence, not in controlling the value of money in relation to other things, but in creating an automatically-shifting demand and regulating through it the relation of value between the surplus stocks of two commodities invested with the functions of money.

The first treaty concerning a relation of value between the two metals was made between France, Italy, Switzerland, and Belgium, in 1865, and known as the Latin Union. This treaty made permanent in those countries, until 1880, the relation which had previously existed

in each of them of $15\frac{1}{4}$ of silver to 1 of gold. The advantages of an agreement between double-standard countries, upon the relation of value between gold and silver, seem obvious at the present day. In all times past, the relation has been established not by concerted action, but by each nation acting for itself, with the apparent design of securing some supposed advantage in matters of commerce and money. It was long supposed that there was something to be gained by retaining the one metal rather than the other, and that the threatened exportation of the favored metal ought to be prevented by its legal overvaluation in relation to the other metal. Even the great mind of Sir Isaac Newton did not wholly escape the influence of the prevailing delusions of his time, and his report of 1717 upon the relation of the metals is mainly directed to a demonstration of the relation most likely to prevent the exportation of silver. Our own legislation on this subject has not been faultless. The legal relation of gold to silver of 1 to 15, originally established in 1792, was an undervaluation of gold and an overvaluation of silver. The change made in 1834, establishing a relation of 1 to 16, was as great an error in the opposite direction, but was acceptable to Georgia and the Carolinas, then in the flush of great hopes from recently-discovered gold mines, and satisfactory to the whole country on the theory that bank-notes could be expelled more certainly and readily from the smaller channels of circulation by gold than by silver coin.

With the more enlarged ideas now prevailing in respect to international interests and obligations, it may be reasonably hoped that the nations which agree upon the wisdom and policy of a double standard of money will guarantee to that policy its best development, by a uniform relation of value between the metals.

The closure of the mints of Europe and the United States against the unrestricted coinage of silver reduces the current supply and uncoined stock of that metal to the level of a commodity in those countries, deprives it of the steadying influence of a connection with the vast accumulations of coined silver, and dams it from the channels of circulation, to take its chances of finding purchasers in the markets. A surplus of silver in the London market of even so small an amount as \$10,000,000 might cause a serious depreciation in its value. The extent to which any commodity not in present demand can be held speculatively in the market, depends upon the number of persons who possess the capital to hold it, and at the same time the confidence and temper to induce them to do so. Ten million dollars in silver is a large and onerous amount to be carried speculatively, with the loss of interest and other charges, even in the London market, but it is a wholly insignificant sum in the circulation of even one considerable country. The much larger sum placed on the markets by the German demonetization of silver, would not have been felt if France had not adopted the policy, without precedent in history, of closing its mints to a metal which it still retained as money in the coins already struck from it.

The present fluctuations in the relative value of the precious metal could not have occurred with open mints for both metals, and instead of being arguments against the double standard, most strikingly illustrate the folly of abandoning it and of closing mints against silver. How much suffering and loss must yet be endured, before the commercial world returns to the old and safe ways, remains to be seen.

The policy of France in closing its mints to silver can hardly be explained as the result of panic. It was probably brought about by the activity and influence of the partisans of a gold standard. A vastly

greater excess of gold had been brought to the French mint after the California and Australian discoveries than could have been brought to it in silver in consequence of the German movement. There is not, and has not been since 1873, any question of the power of France and its monetary allies in Europe, to sustain silver and the double standard. England and Germany are important countries, but they are not important enough, with a current annual production of \$101,000,000 in gold and only \$74,000,000 in silver, to raise gold and depress silver, if France again resumes silver coinage. Either France or the United States could resume the coinage of silver without suffering anything more or worse than the exchange of their commodities or possibly some small amount of gold for silver. If they or either of them refuse to do so, it will not be from expediency or necessity, but because their ancient opinions have been changed for the new dogmas which originated in the increase of metallic supplies after 1848.

WEIGHT AND BULKINESS OF SILVER.

The inconvenience and expense of transporting and handling sums in silver sufficiently large to meet the requirements of the increased exchanges of modern commerce is sometimes urged as a reason for the abandonment of the heavier and bulkier metal. To this it is a sufficient answer that the facilities for transportation have increased as rapidly and as greatly as the volume of commercial exchanges, and even more. In the transportation of the precious metals, the chief cost is the risk, and is therefore proportioned to the value, and not to the bulk and weight, which have become comparatively unimportant considerations. If the weight of a given value in silver is greater than the same value in gold, the risk in its carriage is less, because it is less liable to furtive seizure and concealment. As a matter of fact, the charges for transportation are about as low for one metal as for the other. So far as convenience of handling is concerned, it is enough to say that both gold and silver are too bulky and heavy for the ordinary transactions of business. Only a minute percentage of large payments is made in either metal, nearly all of them being made with paper, or by transfers of credits. What is called gold in the markets and in the bank reserves in this country is to a considerable extent not really that metal, but certificates of the deposits of it issued in money-note form by the Secretary of the Treasury of the United States. Such certificates may and ought to be issued upon the deposit of silver, which can be held at less risk than gold. They should be issued for bars of both metals, stamped at the Government assay-offices, as well as for coins. They would be much more convenient for money use than coin of either metal. The habits and prejudices of the people of the United States are confirmed in favor of a safe paper money. If by safety is meant constant convertibility at will into coin, no paper money could be safer than that based dollar for dollar on coin or bullion in the Government vaults. Such paper would be universally used in transacting the business of the country. A certificate in money-note form issued by the United States Treasury for a deposit of silver in its vaults would be neither heavier, bulkier, nor less convenient than a like certificate issued for a deposit of gold.

Jevons (*Mechanism of Money*, page 203) says:

The use of representative money is becoming so general in the most advanced commercial countries, that the portability of metallic money is a question of very minor importance.

The Journal of the London Statistical Society (March, 1875) says:

Such is the development of credit in this country, that it has been roughly calculated that 97 per cent. of payments are ordinarily effected by checks, bills, and other expedients of credit; about $2\frac{1}{2}$ per cent. by bank-notes; and about $\frac{1}{2}$ per cent. by coin.

In this country the proportion of money used in settling balances, reckoning both bank-notes and coin as money, is somewhat larger than in England, but is still small.

III.

THE COMBINED MASS OF GOLD AND SILVER HAVING BEEN THE MONETARY MEASURE OF VALUES, IS IT JUST TO REDUCE THE MEASURE BY DISCARDING EITHER METAL?

The facts that both gold and silver have heretofore been used as money, that prices have been controlled by their combined volume, and that existing contracts on an enormous scale have been entered into on that basis by States, municipalities, corporations, and individuals, are the most important of all the facts to be considered in respect of propositions to demonetize either metal. If gold alone had always been used as money, although less steady as a measure of value than gold and silver together, and in other respects less desirable, the objection would be well taken, that the addition of silver would double the existing volume of money and thereby depreciate it, and thus injure the creditor. The arguments of justice and expediency are more cogent against diminishing the mass of money by discarding silver, when both gold and silver have been always and almost universally used as money. The great majority of creditors have other connections with the business operations of the communities in which they live, and other forms of investment than those which constitute them creditors. What they would gain as creditors by a contraction in the volume of money, would be partially, if not entirely, lost by their unavoidable participation in the general depression resulting from the fall in prices which such contraction would occasion. Alison (England in 1815 and 1845) says of the currency contraction brought on by the British gold resumption policy of 1819-'21:

There can be no doubt that the reduction of interest has injured the holders of the available capital of the country nearly as much, in many cases, as the producing classes have been injured by the fall in the money-prices of their commodities. * * * Probably it has reduced the incomes of creditors forty per cent.

And so, on the other hand, what they might lose as creditors through an abundance of money and a general rise of prices would be more or less compensated by the buoyancy and activity of business, and by the enlarged revenues from real estate and fixed capital, which follow an increase in the volume of money. To the debtor classes there is no compensation for the appreciation of money, and they are less able to bear losses. This difference in the respective conditions of debtor and creditor was well summed up in the following language in a report made to the United States Senate, June 9, 1868, by Mr. Sherman, chairman of the Committee on Finance:

The depreciation of the burden of debt is a loss to a class generally benefited by the increased values of fixed property, and better able to bear the diminution of their capital; but an increase of the burden of the debt to the debtor class often produces absolute ruin.

Price, the expression of a relation between money and other things.

Price is the expression in money terms of the relation which the unit of money bears to a specified quantity, or the unit of each and every

other thing in exchange. It is also the expression in units of property and services of the value of the unit of money, and without having any influence on the relations is the sure indicator of the exchange relations which the units of all other things bear to each other. Market price is the expression in the units of money of an equilibrium between the correlative demands of buyer and seller. It is, in fact, generally established through a competition between sellers rather than buyers, the market price of any article being the smallest quantity of money for which the unit of such article is offered for sale in open market. By the word unit, when applied to money, is intended that denomination in which accounts are kept, and in which judgments are rendered for money, as the dollar in this country and the pound sterling in England. By the same word, as applied to commodities, is intended that specific portion or quantity by multiples or fractions of which all quantities are accustomed to be described, as a ton for coal or a yard for cloth. The relations in exchange of all other things than money are not at all affected by the volume of money or by its increase or decrease. Nor do changes in the volume of money practically affect a transaction wherein a seller of property makes immediate purchase of other property with the proceeds of such sale. Exchange by barter can be as equitably effected under one volume of money and under one range of prices as another. But under a credit system, where contracts aggregating a vast amount, to pay money at future periods, have been made, steadiness in prices becomes the all-important consideration, and that steadiness depends on the steadiness in the quantitative relation between money and all other things. The performance of contracts to deliver commodities or render services is not made either less or more difficult by an increase or decrease in the volume of money. But nearly all contracts in the commercial world are for the future delivery of money, and the consideration received and the promise made in such contracts are based on existing prices. The command, therefore, which commodities and services may have over money in the future, and which will find its expression in price, becomes a matter of vital importance.

Whenever under any firmly-established Government a system of money has been generally accepted, the value of each unit of such money becomes a general mental conception, which, if it be what is called a value, or metallic money, is not based on the past or probable future cost of producing the material of which it is composed, nor on the average cost of its production, nor on the cost of its production in either the most or least prolific mine. Nor, if it be what is called credit-money, having full legal-tender functions, is that portion of it which is unhoarded and in circulation and performing the functions of money, based upon the present value of the promise of the issuer to redeem it, nor upon the proximity or remoteness of such redemption.

Under firmly-established systems the value of each unit of either metallic or fiat money depends absolutely upon the number of such units and the relation they bear to the services they are required to perform. The purchasing-power of the world's entire stock of metallic money would neither be increased nor diminished by an increase or diminution of its magnitude, if other things should at the same time remain unchanged. The value of that stock can only be changed by an increase or diminution of the things which it is the function of money to measure. If the volume of either metallic money or accepted fiat money should be doubled at however great or little cost, other things remaining the same, the aggregate value of neither would be changed, but the value of each unit would be diminished one-half.

The cost of producing the precious metals has no direct influence upon the value of metallic money, but might tend, although the history of mining does not show this to be the case, to stimulate or discourage production, and, consequently, in long periods of time, to affect the magnitude of the metallic money stock, and it is the magnitude of that stock relative to the amount of services it is required to perform that controls the value of each unit of either metallic or fiat money.

But even if it were true that an increasing value of money stimulated mining, the nature of the occupation is such that the increase of the yield would be slow and doubtful, and unless there should occur such improbable, if not impossible, discoveries as those of California and Australia, whose recurrence has been marked by the lapse of centuries, generations of falling prices and ruin might come and go before relief could be had.

In a great majority of the instances, in which the current metallic supply has been largely increased, it has not been due to any stimulus given to mining by the increased value of money, but to the purely chance discoveries of new mining-fields. As often as otherwise, these discoveries have been made accidentally by persons while engaged in other pursuits than mining. And whenever they have been made by those engaged in mining, the surrounding circumstances show that they were as likely to have been made at one time as at another, and without reference, except in a remote degree, to the increasing or decreasing value of money. Indeed, it is to be doubted whether the cost to the miner of producing the precious metals differs at different times, and whether the amount produced does not depend entirely upon accidental discoveries. However this may be, nothing can be more certain than that the production of the precious metals bears no scientific relation to the increase or decrease of population and commerce, which alone should govern the increase or decrease of the stock of money.

In respect to almost all other commodities, an advancing price causes an immediate increase in production. In agricultural products a single year suffices, and in manufactured articles periods far short of a year, and the increased production requires no movement of population, but only a different direction of their industries. Gold and silver mines are generally found in sterile regions, remote from populations, and destitute of the supplies and materials needed in mining. It is only a small portion of the human race that are both able and willing to leave the comforts and conveniences of home to engage in such a hazardous business as mining even in fields already discovered, and the number is still less, whatever might be the exchangeable value of money, that would be ready to embark in a new *Argo* in a new search for the Golden Fleece.

If the present current out-turn of the precious metals were produced without any cost whatever, and if at the same time, the sources of production were so controlled as to prevent any increase thereof, the value of the product would be precisely the same as it is under existing circumstances. If, for the purpose of maintaining intact the world's metallic money stock, and of furnishing the additional quantity required by increasing population and commerce, the various governments should raise a fund for the mining of the metals, and if each grain were produced at a cost equal to the value of three grains, the value of the product would not and could not be at all enhanced by that consideration. This process might be continued indefinitely and forever without increasing the value of the metal so produced over its previously existing value. If, through this governmental production, the stock were increased beyond current requirements, the value of each grain produced,

notwithstanding the high cost of its production, would be decreased in inverse ratio. It is the limitation of the quantity of money, without any reference to the cost of its production, that regulates the value of each unit of money, whether fiat or metallic. In the case of fiat money, the limitation is imposed by law. In the case of metallic money, it is imposed by nature. The effect of limitation upon the value of money is precisely the same in both instances. In the one case the limitation is regulated by the wisdom and justice of man; in the other, it is regulated by the variable and uncertain obstacles which nature opposes to the production of the metals. *The value of money, of whatever kind, is measured by the cost of obtaining it after it has been produced, and not by the cost of its production, and this value is indicated by the general range of prices.*

The calculations of those who contract to pay money are always based upon the general command which units of property and services have over units of money, and their expectations of meeting their contracts when they mature rest upon their confidence in a steady continuance of that command and upon their knowledge that the services or property which they control will, at that rating, be sufficient. But such contracts can only be satisfied legally by the delivery of the specified number of the units of money.

If, in the mean time, population, commodities, and commerce should increase, and the stock of money should not increase in corresponding ratio, or if commerce and population should remain stationary, and a large portion of the money in existence when the contract was made were struck down by legislation, the equilibrium between money and other things would be disturbed. The money unit would rise in value and prices would fall. The debtor would find that it required more labor and more property to meet the terms than it would to meet the equity of his contract. But the terms, not the equity, must be met, and the debtor must submit to the partial or entire confiscation of his property.

Prices, notwithstanding the use of banking expedients and credits, governed by the volume of money.

It is sometimes maintained that a compensation can be made for a shrinkage in the volume of money by an increase of such banking expedients as checks, bills of exchange, and clearing-houses. These expedients are now resorted to, and, because profit is found in their use, always will be availed of to the utmost possible extent. It is manifest, therefore, that, whatever the proportion or percentage they bear to the volume of money, it cannot be increased except through an increase in that volume. And it is as manifest that, when the volume of money is diminished, these expedients must diminish, and prices must fall in a corresponding ratio. Money is the primary and governing force, whose functions cannot be superseded by any device whatever, and whose volume or existence does not depend on banking expedients, while these expedients grow out of money and could not exist without it. The furthest extent to which they can be used is already practically reached, and they can only increase, and must decrease, as the volume of money increases or diminishes.

This reasoning partially applies as to the effect of credit on prices. It would seem to be reversing the natural order of things to maintain that prices are controlled by the volume of credit instead of by the volume of money. Without entering into an elaborate discussion of this intricate question, it may be said that prices were affixed to property at the time when the invention of money superseded barter. Credit, as it is

now understood, was impossible under the barter system, and must have come into existence at some period after values were measured through the medium of price. Primarily, then, prices must have been entirely controlled by the volume of money, unaffected by credit.

Credit is the explosive element in the business of modern times. If it were extended upon property at such a rating of prices as would be established through money alone, and if the relation between the volume of money and population and commerce remained steady, prices would remain steady, and the great mass of credits would rest upon a sound basis. Even under such conditions there would be speculative and unsound credits, but these would be exceptional, and the injury caused by their collapse would be local, individual, and temporary. There never can occur a universal fall of prices and a general withdrawal of credits without a preceding decrease in the volume of money.

It is contended by many that credit is based on the combined volume of property and money, and that a diminution of the volume of money need not occasion any greater withdrawal of credit than such proportion as the diminution would bear to the aggregate amount of property and money. But the amount of credit which can, or will be, extended upon property depends upon its price, which is supposed to represent the cash it can be sold for, and price depends upon the relation between the volume of money and other things. Property which might be ample security for a given quantity of money at one range of prices would be an inadequate security at a lower range. If all the money of the world were diminished by one-half, the amount of credits that could be safely extended upon property would be diminished in at least as great a proportion. It is money, and not property, unless the creditor shall choose to accept it, that is required for the payment of debts, and the power of property over credit is limited to its command in open market over money, which command must be greater or less as the volume of money is larger or smaller. If the amount of credit which can be safely extended upon property be not governed by the price it can be sold for, then credit must be an institution based upon the whims and caprices of those who extend it. If credit is either increased or diminished upon property which has undergone no physical change and without reference to its price, such increase or diminution must be ascribed to the abnormal mental condition of the money-lender; this is a disease which, as it is not caused by a change in material conditions, is beyond the reach of the remedies of the political economist, and must be treated psychologically.

The mistake is often made that prices are not controlled by the volume of money, because they have neither risen nor fallen concurrently with, nor in exact proportion to, the increase or decrease of such volume. The precious metals are diffused over so vast a surface and their current production is so small in comparison with accumulated stocks, that it takes considerable time for changes in their yield to so affect their volume relatively to population and business as to produce any sensible effect upon prices. The entire property-interests of a country are united in maintaining, and if possible in advancing, the price of property, and in resisting to the uttermost any decline. A temporary maintenance of nominal prices, even in the presence of a shrinking volume of money, is especially practicable with imperishable property, such as real estate. When money begins to become scarce by reason of a shrinkage in its volume, the first effect upon real estate is found to be, not a decline of its nominal price, but a diminution in the number of transactions. Market-reports quote real estate "*dull*;

few sales, but prices firm." This stagnation is ascribed to temporary causes, and a speedy recovery predicted. In order to maintain prices the terms of purchase are made easier. The amount of cash payments is reduced, and the deferred payments, secured by mortgage on the property, extended over longer periods. After a time this expedient fails, and, even then, nominal prices are unnaturally held up for a short period by the struggles of those who have purchased upon these extended credits, and by the tenacity of owners who refuse to sell at lower figures, and mortgage their own property to protract their power to hold. The stagnation of voluntary transactions is finally followed by the activity of involuntary ones under the direction of sheriffs and by the foreclosure of mortgages.

Upon any material decline in the price of real estate, a large class of investors, believing that the bottom has been reached, and desiring to profit by the reaction which they think is sure to come speedily, enter the market and temporarily check the decline. Another fall in prices sweeps them and their margins away, and a third class of dealers, now absolutely certain that bottom prices have been reached, and sure that a further decline is impossible, come in as purchasers. Each succeeding purchaser fortifies his conclusion that present prices are bottom prices, by comparing them with and finding that they are no higher than the prices of some period in the past which is arbitrarily assumed to be a standard level, below which subsequent prices could never permanently go. It is overlooked that price is only the expression of a relation, and that no correct conclusions can be drawn from a comparison of the prices of two periods unless comparisons be also made of the money stock, population, and exchanges of both periods. Contrary to all calculations as the volume of money shrinks prices continue to fall, and these dealers encounter the fate of their predecessors. These operations repeat themselves until universal distrust prevails, and until it is found that, when money is decreasing in volume, prices have no bottom except a receding one, and that they are inexorably ruled by the volume of money. The effects of a decrease of the volume of money in a particular country arising from its abnormal outflow or from its withdrawal from the channels of circulation through the distrust which prevails when unsound and speculative undertakings are breaking down, or when the country is convulsed by political disturbances, are the same as the effects of a general decrease in the volume of money. The result in both cases is a fall in prices. But in the first case the equilibrium is restored by a quickly-returning wave of prosperity, and the evils resulting are confined to individuals and to special localities; and those dealers are fortunate who purchase in the first stages of the decline. But in the second case the cause of the fall in prices is radical, and must continue until prices go out of existence, unless the decrease in the volume of money is arrested. In the whole history of the world every great and general fall of prices has been preceded by a decrease in the volume of money. There never has been a decrease in the volume of money, nor has there ever been a stationary volume of money, unless accompanied by a stationary population and commerce, which has not sooner or later resulted in a general fall of prices, and there has never been a recovery therefrom except through a preceding increase in the volume of money. After the volume of money has begun to decrease every dollar of credit extended at the old range of prices aggravates the disaster which must come sooner or later. Stagnation and panic are nothing more nor less than the results of a struggle to make prices express truly the relation between

money and all other things. Fluctuations of prices frequently arise from special causes, but they are local and temporary in their character.

Even were it possible to devise a money system so perfect that steadiness in the general level of prices would be absolutely assured, there would still occur occasional fluctuations in the prices of particular commodities, arising from a temporary glut or scarcity of such commodities in the general markets, caused by exceptionally favorable or unfavorable conditions, which might suddenly enlarge or diminish their production, or vary the demand for them. Such fluctuations cannot be avoided. They mark the ebb and flow of business and no more affect the general level of prices or prosperity than the ebb and flow of the tides affect the general level of the ocean. The producers of and dealers in each article should be better able than anybody else to foresee and guard against them, and have no reason to complain of them. But they may well complain when the general level of prices is disturbed by monetary legislation, which they could not foresee, are not responsible for, and whose injurious effects they could not by any degree of prudence avoid.

There have long existed two opposing theories in respect to money.

Views of the metallic school.

One school advocates a continuance of the generally prevailing system of money made of the two commodities, gold and silver. The especial merits claimed for this system are, that its workings are entirely automatic, that the money value of the commodities upon which it is based depends upon their useful intrinsic qualities and is measured by the average cost of their production, and that their volume depends upon the yield of the mines and not upon the caprice of legislation. They claim that the province of the Government is not to create money, but to coin it, and thereby give to it the best authentication of purity and weight. Very many of this school claim that the investiture of such money with the function of legal tender is merely a designation of a coined commodity for which judgment shall be rendered in civil actions, and that the value of the commodity is not affected by it, while others, who concede that the use of such commodities as money adds something to their value, claim that the law, in conferring the legal-tender function, only ratified what long usage had established. They all maintain that there should be no restrictions on the coinage of any or all of both metals which the mines yield, and that when coined their legal-tender functions should be unlimited. They claim that every conceivable system of money has been tested for scores of centuries in the crucible of experience, and that the fittest, the metallic system, has alone practically survived. They admit the unsteadiness in the value and consequently the imperfection, of metallic money caused by variations in the consumption, yield, and cost of producing the metals, and by many other unavoidable circumstances and conditions. They admit that at certain periods these causes may increase the value of the money unit to the advantage of the creditor, but they claim that at other periods opposite conditions would be sure to operate in the interest of the debtor, and that in the long run it would be "as fair for one as for the other," and that whatever might be the injustice inflicted on individuals, and whatever the fluctuations in individual fortune, the general equitable balance between debtor and creditor would be maintained. They claim that the use of metallic money is spread over so vast an area that changes in the current metallic supply would be slow in making themselves felt, and that the elastic qualities of credit

expedients would prevent temporary changes from being felt at all. They claim that any decided increase or decrease in the value of metallic money would so stimulate or discourage mining as to restore the equilibrium sooner or later.

They admit that there is no remedy for the perturbations in the value of metallic money arising from fluctuations in the supply of the metals. But they claim that experience demonstrates that there is a limit to the accidents and freaks of production, and none to the folly and designs of legislation; and, consequently, that the perturbations in the value of paper money would be greater and equally without remedy. They urge that the power to increase or decrease the volume and value of money at will by legislation, and, consequently, to hold at will the fortunes of individuals and the prosperity of nations, would be a most dangerous one, and that the ever-present necessities of governments would be a constant temptation to its abuse.

They claim, finally, that whatever may be the faults of metallic money, those of paper money are worse; that nothing but intrinsic value can measure value, and that paper money has no other than a representative value, and therefore cannot measure intrinsic value, but that the precious metals possess intrinsic value, and for this reason are fitted to serve as its measure; that value inheres in the quality of a material thing, and not in mental estimation, and hence that nothing but a material thing possessing it intrinsically can serve as its true standard; that the danger of paper money is illustrated by precept, philosophy, and example, and that the financial, political, and social wrecks of states and people, with which it has punctuated history, should serve as warnings against it.

Views of the inconvertible paper, or fiat money school.

The other school advocates an exclusively fiat paper money, to be issued by the Government, which should possess no value on account of the intrinsic qualities of the material of which it is composed, but whose value should be extrinsic and derived from the useful functions with which the Government invested it, and whose each unit should be kept steady in value through legal limitations and regulations of the number of such units issued.

The views of this school are that utility, accompanied by limitation of quantity, is the basis of exchangeable value. That this utility may either depend upon such intrinsic qualities as would render the thing possessing them valuable to man in isolation as well as to man in society, or upon extrinsic, artificial qualities which society may confer upon any article, however intrinsically valueless, by endowing it with the power of performing the money function. That the evident fact that this function does not inhere in and cannot be conferred on any article so as to make it either valuable or useful to man in isolation, while it is essential to the very existence of society, demonstrates that money value is not derived from the useful, intrinsic qualities of the material upon which the money function may be conferred. They also call attention to the facts that, the usefulness to the individual of any article depends solely upon the intrinsic qualities which it may possess, and is not at all diminished by its existence in unlimited quantity, but that money, on the contrary, becomes entirely useless unless its quantity be limited. They conclude from these facts that the money value of the material of which money is composed rests solely upon the purely artificial and extrinsic qualities conferred upon it; that this value is

inseparable from society, and grows out of its need of and demand for an instrument of valuation and exchange.

They maintain that money is not in itself wealth, but a set of counters for computing and exchanging wealth, or, as was said by Bishop Berkeley, "*a ticket entitling to power and fitted to record and transfer this power;*" and that "*it is of little consequence what materials the tickets are made of;*" that there are certain qualities which are essential to a proper performance of the money function; that money should be steady in value, portable, divisible, distinguishable, and difficult of imitation; that of all these qualities steadiness in value is the one most essential and indispensable; that the highest office of money is that of measuring values, present and future, and that to perform this office equitably its each unit must possess through time a practically unfluctuating, unvarying purchasing power; that as this steadiness can be secured only through a limitation and regulation of its quantity, the power of limitation and regulation should be always present, and that to this end the material of money should be producible at all times without limit, and as near as possible without cost, and destructible without loss. They maintain that when the money function is conferred upon gold and silver, while the requirements of portability, divisibility, distinguishability, and difficulty of imitation are tolerably met, the requirements of constant attainability and inexpensiveness are not met at all, and that the superlatively essential requirement of steadiness in value is so imperfectly met as to render them unfit for money. They claim that the money function is the noblest of all functions and invests anything upon which it is conferred with a utility far greater than is possessed by any other exchangeable article known to man; that this utility is the true and only scientific basis of money value; that the value begotten of this utility is all that is needed for money and all that money can possibly possess, and is all and the only kind of value ever estimated, when money, whether metallic or fiat, is used. That whenever the material of money is in demand as a commodity, such demand can neither increase the money-value nor disturb either the commodity or the money until it rises to the level of the money demand, when it begins to destroy the money. That this is illustrated in subsidiary coinages and in the full-tender silver coinage of the Latin Union, the bullion-value of which, being below the money-value, prevents the metal in the coin from being either exported or used for other than money purposes. That in that coinage it is the legal-tender function conferred by the sovereign authority and verified by its stamp, and not the metal that receives the impression, which really constitutes the money, and that this stamp of authority would be as efficient and valuable if impressed on paper, and that this had been shown in the experience of our fractional paper currency. That while the bullion in this coinage has added nothing to the value of the money, the Government stamp has effectually deprived the world of the use of the bullion, and that the cost of the bullion is a loss to the people for which there is no compensation. That the aggregate of the money-value which can exist in any country is limited, and fixed automatically by its environment. That it bears a sure relation, however indeterminate, to the population, wealth, and exchanges of such country as modified by the character and habits of the people, their modes of transacting business, the rapidity with which their exchanges are effected, and many other considerations. That this value exists potentially wherever there are exchanges to be made. That in order to utilize this value it is only necessary for the law to materialize it, whereupon it becomes money. That it is independent of all other values, and cannot be mixed with

them. That it cannot be in any degree increased by the commodity value of the material selected for money. That the commodity value can only make itself felt through a destruction of the money. That as long as the commodity continues to perform the money function, the commodity value, instead of adding anything to the conferred money-value, is entirely suspended and non-effective. That the only argument that can be advanced in favor of investing any material substance possessing intrinsic value with the money function, is, that the holder would be secure to the extent of the commodity value, even though society, laws, and systems should break down. That there is no gain in this security, as it must have been purchased at the outset by the community, including the holders of money, at its full value, and that there would remain uncompensated the great losses to the community, including such holders, which arise from a vicious money. That when paper money depreciates, or even breaks down entirely, the process is ordinarily so gradual that the losses of individual holders are inappreciable. That the money of all countries, whatever may be its material, is nothing but the sum of the integrant parts into which the money-value is divided. That the value of each of these integrant parts, or units, will depend upon the number of parts into which this value is subdivided. That in case this value is subdivided through the use of the precious metals, these units, or integrant parts, are subjected to variations in their value through an increase of their number from unknown and accidental supplies from the mines, and through a decrease by the unknown number of such units which may be consumed in other uses. That while the cost of producing such units adds nothing to their money-value, the uncertainty of producing them, and the uncertain quantity destroyed after being produced, render it impossible to regulate the number, and consequently the value of, such units. They maintain that the aggregate of the money-value can only be increased or diminished by an increase or diminution of the productive forces and wealth which it measures and which govern it. That the increase or decrease of the number of the units of money can have no effect upon the aggregate of the money-value, but that the number of such units simply determines the fractional part of the whole value belonging to each unit; that the money-value will inhere in any material substance whatever upon which the sovereign authority may confer the money function. That whenever the law declares that paper in a certain form, upon being stamped with authoritative and distinguishing marks and devices, shall be invested with the money function, each piece of such paper so stamped becomes not a debt, nor a credit, nor a promise, dishonored or otherwise, nor a representative of gold or silver, nor of any one thing, but of all things; that it becomes the thing signified, not a sign, and to all intents and purposes lacking no quality, but possessing all, becomes money, pure, simple, and unadulterated, with a value not less real because not mixed with an intrinsic value, than the money-value conferred in the same manner and by the same authority on gold and silver, nor less real than the intrinsic value of those commodities. They claim that money can be maintained steadier and more uniform in purchasing power, and made to perform its true functions with greater exactness, when composed of some material substance always attainable and not possessing utility or value for other purposes, than when composed of such substances as gold and silver, possessing such values, and difficult and uncertain of attainment, and subject to other than money demands. That the commingling of money-value and commodity-value in one substance is an intermingling of things whose uses are inconsistent with and whose elements have no affinity for each other; that it is a confounding of barter

with price, and of measure with the thing to be measured; that the uncertain, varying, and generally increasing demand for the commodity subjects the money to vicious perturbations in value, while the superior and constant demand for the money renders the commodity more steady in value than it would otherwise be; that the greater steadiness thus gained in the commodity value is of no importance or benefit whatever, while the resulting unsteadiness in the value of money is a transcendent injury to the world; that the commodity demand for gold and silver not only exerts a disturbing influence on the value of metallic money, but unfortunately always exerts it in the ruinous direction of increasing that value by diminishing its volume, and still more unfortunately that, as wealth and population increase, old uses increase and new uses are discovered; that to unite commodity and money in one substance is to plant in money the seeds of its own destruction; that the arts, resisting the invasion of their legitimate domain, are constantly absorbing the coin; that such money is costly and unscientific, and only an improvement on the barter system, and retains vicious ingredients of that barbarous method of exchange; that it is as imperfect an instrument for measuring values as would be a thermometer for measuring heat if its fluid indicator were subject to constant disturbances to an unknown extent from other influences than heat.

They maintain that the fluctuation in the value of metallic money caused by the encroachments of the commodity demand is sufficient of itself to condemn the use of gold and silver as money, but that when to this are added the enormous fluctuations in their supply the argument against their use becomes conclusive.

They claim that adequate metallic supplies in the future will depend, as in the past, upon the accidental discoveries of gold and silver mines, and upon the policy and mining laws of the Governments controlling the locality of the discoveries, if fortunately they should be made.

They maintain that the industry of gold and silver mining is more subject to chance and less governed by the economic laws of production than any other pursuit, and consequently bears only an accidental relation to human efforts in other fields, and that therefore the product of such industry is uneven and ill-suited for a measure of all values. They claim that the world's supply of metallic money, and consequently its value, is not only subject to the vicissitudes inherent in the business of mining, but is largely increased or diminished, as the case may be, through political complications, and through other conditions which have no necessary connection with mining. As a signal illustration of this, they refer to the decrease of the supplies of gold and silver after 1809, caused by the revolutions in the Spanish-American colonies, and to the enormous increase of the supplies at a later period, through the acquisition and occupation of California, which resulted from the success of the Democratic party in the close Presidential election of 1844, and which might otherwise have been postponed indefinitely. That of these two noted changes in the metallic supply, resulting from facts having no necessary connection with mining, the first nearly bankrupted the world, while the second stimulated industry and commerce to an extent never before known.

They say that in addition to the evils which result from fluctuations in the supply of the precious metals is the fatal evil of inadequacy of supply which is now pressing upon the industry and commerce of the world with crushing severity; that this inadequacy is constantly becoming more marked and threatens to continue indefinitely. They refer to the facts that the yield of the precious metals since

1847 has been unprecedented, aggregating the enormous sum of \$4,500,000,000; that this entire amount, swollen by the sums liberated by suspending countries, has been permitted to flow uninterrupted into the few countries maintaining the specie basis; that notwithstanding all this prices in these latter countries have for a number of years been falling, and still have a downward tendency, and have already nearly sunk to the level of the prices of 1847, when the great mines of California were discovered; that the most prolific sources of metallic supply are showing unmistakable signs of exhaustion; that the yield is now and has been for some years stationary or declining; that the hope is neither entertained by the most scientific explorer nor the most visionary gold-seeker that mines equally prolific with those of Australia and California will ever be discovered; and that in the presence of this failing supply stands the constantly-increasing demand of steadily-advancing populations. They insist that these facts show that, even if the precious metals were otherwise fit for money, the utter improbability of obtaining them in sufficient quantity, except on the basis of ruinous prices, interposes an insuperable objection to a money system founded upon them.

They maintain that by reason of the great variations in the supply of the precious metals, and the purely accidental relation which that supply has borne to the world's demand for money, the movement of the human race in wealth and civilization has been fitful and spasmodic, and not always progressive; that the business of the world in all times past has been, through fluctuations in the supply of money, now stimulated by fever and now prostrated by collapse; that industry and commerce have been alternately borne high on the flood-tide of metallic production from newly-discovered mining-fields and stranded on the shoals of bankruptcy by the reflux ebb; that, unfortunately, the ebbs and flows of these tides are of unequal duration; that the flux of prosperity has usually lasted but a brief period, while the reflux of adversity, with its attendant circumstances of falling prices, industrial paralysis, and destitute populations, has been painfully prolonged; that the tide of metallic production which commenced its flood in 1847 turned in 1865 to an ebb that still continues and threatens to pauperize populations and bankrupt nations; that through the discovery of steam as a motive power the obstacles of time and distance have been practically overcome, and that the world is no longer new; that the search for the precious metals has been pushed to every part of the earth, with indifferent success, by skillful explorers fresh from the fields of California and Australia, and hence, that the chances of discovering new and great mining-fields, and more especially gold-fields, if not absolutely at an end, are less hopeful than at any former period; that the exploitation of known mining-fields has been prosecuted in recent years with such energy, capital, skill, and appliances as to forbid the expectation of an increase in their yield, and especially such an increase as would supply the world's increasing demand for money; that however well metallic money may have been adapted to the circumscribed business and political and social conditions of the past, the growing industry and commerce of the world cannot afford to have their lusty limbs shackled by it in the future; that the extreme difficulty which attends the efforts of the United States to secure metallic money enough for its wants, although it is the only one of the large number of commercial countries in suspension that is attempting to reach a metallic basis, demonstrates the utter insufficiency of the stock of gold and silver for the general money uses of the commercial world; that this insufficiency is palpable, and generally admitted by the bullionists themselves, who,

nevertheless, persist in affirming that not only is the highest development of commerce and civilization, but even any tolerable degree of prosperity, impossible, except with metallic money; they submit that thus to insist that such money is essential to any advanced prosperity, and at the same time to admit that it can be obtained by only a few nations, and to the exclusion of all the others, is to deny the eternal fitness of things, to deny the adaptation of material conditions to human progress, to deny the harmonies of nature, and to deny that an intelligent and beneficent design is manifested in creation.

They maintain that as the most important function of money is to measure values and to preserve equities in time transactions, the great bulk of which are internal and between citizens of the same country, and all of which are expressed in the money of some particular country, it follows that any system of money that is common to several countries is a vicious one, in that it subjects the entire internal business of each of them to all the disasters originating in the political or financial mismanagement of the Government, or in the political disturbances, follies, misfortunes, or reckless speculations of the inhabitants, of any one or all of the others; that money is simply the instrument of commerce and industry, and not their object; that a sufficiency of it is better than more and infinitely better than less; that the outflow of money from one country to another having money systems in common, is a double injury. That it is an injury to the country that receives it, and a greater injury to the country that parts with it. That it tends in the one instance to produce crises through inflation, and in the other panics through contraction. And that in addition to this is an injury to each on account of the derangement of the trade of the other; that the invention of money is but half completed when the necessary limitations and regulation of its quantity, and consequently of its value, are remitted not only to the vicissitudes and chances of mining, but to the vicissitudes in the business and legislation of foreign countries; that these facts and considerations, and many others which might be urged, show that metallic money is an inaccurate money, that it fills only in a moderate degree any of the requirements of a perfect system, while in essential particulars, it so far fails to fill them as to render it unfit for an advanced civilization.

They claim, on the other hand, that every requirement of a perfect system can be met more nearly and more certainly by paper money than by any other ever devised. Not paper money based upon gold, silver, or any other fluctuating commodity, whose measure it should be; nor upon a promise of commodities, near or remote, definite or indefinite, of Governments, or banks; nor like the French assignats, based upon lands; nor fastened to gold or silver by a chain sure to snap when the metals are wanted; nor convertible into bonds and thereby offering the bribe of interest for its withdrawal from circulation; nor of any use to its owner except when parted with; nor capable of yielding profit except when employed in the production and distribution of wealth; but an absolute money, whose value, conferred by the sovereign authority, and regulated by a pre-arranged and perfected system, and not by the passions and caprices of the hour, would rest impregably on functions essential to civilization and progress.

They claim that it would be more portable, more difficult of imitation, more easily verified, more readily divisible, and less expensive than metallic money; that as quantity controls the value of money, the all-important quality of steadiness in value could be better assured through a system which subjects that quantity to absolute control than through the metallic system, which remits the regulation of quantity to accidents

and vicissitudes, industrial and political, sometimes through the resumption and suspension of the yield of the mines, and sometimes through the resumption and suspension of specie payments in any and every country; that as paper money is producible substantially without labor and without expense, its exclusive use would be an addition to the public wealth equal to the entire cost of supplying and keeping up the supply of the necessary quantity of metallic money. That in order to make it secure and possess the highest degree of utility, paper money should be issued exclusively by the Government, to the exclusion of all other kinds of money; that it should be regulated in value through an equitable adjustment of quantity by virtue of laws which should take effect only upon the occurrence of conditions precedent not dependent upon legislation, such as an increase or decrease of population; that it should be reciprocally receivable by Government and people, and between the people themselves; that its each unit should be convertible, not at any specific time or place, nor into any specific quantity of any particular product of human industry, such as gold or silver, but at all times and in all places where the sovereign power gives it the right to circulate and to the full extent of the value determined as above, and into any and all of the products of human industry, including those metals.

They claim that every argument against investing with the money function a material not possessing intrinsic value is, when analyzed, an impeachment of the integrity and capacity of the people and of their fitness for self-government, and a claim that the regulation of the most important institution of civilization can be more safely remitted to the edicts of chance than to the guidance of human wisdom.

That the failure in times past to establish satisfactory systems of paper money no more proves that such systems are impossible than the innumerable abortive attempts throughout the ages to establish individual liberty proved that political freedom was impossible. That if the French assignats broke down, so also did the French Republic, and mainly for the similar reasons, that the French people did not then fully comprehend the true nature of either liberty or money. That the same degree of virtue and enlightenment necessary for the establishment of the one is necessary for the establishment of the other. That the failures of efforts under revolutionary or despotic governments to establish paper money systems have no significance whatever. That no such effort has ever been made under free institutions firmly established, without which perfection in the money, or any other system which affects the general welfare, is impossible. That the failures of one age often become the established successes of the next. That every progressive movement of mankind has been tedious and toilsome and has been accomplished only through trial, suffering, and the disappointment of repeated failures. That every step of this progress has been impeded by a sinister conservatism which glorifies everything, even tyranny and stupidity, if hoary with age, and always seeks to rivet the needs of the present to the decaying and imperfect systems of the past, and to deny to the human race the hopes and possibilities of the future. That there have been the same evolutions of progress in money as in all other things. That in the rude original of society no kind of money was possible. That the first trade was by barter, after which, some one or more commodities attainable in the vicinage, and in general use and demand, were selected as the common medium through which all exchanges were filtered. That the use for that purpose of various metals by weight followed next, and, at a succeeding stage, gold, silver, and copper by weight, and after this their use in the form of coins, the value of which

coincided with the bullion-value. That in most countries coined money has been sometimes supplemented and sometimes superseded by promises to pay coin, which were always broken when coin was demanded. That the next step in many countries has been a coinage maintained above its bullion-value through limitations of quantity and the stamp of authority as in subsidiary silver coinages, and at the present time in the entire silver coinage in the states of the Latin Union. And that since the success of this last step in preserving, through limitation of quantity, a steadiness of money value above and wholly independent of intrinsic value has been assured, it would be presumptuous to affirm that the same means may not furnish, without any intrinsic value whatever, a better and steadier money than the world has ever seen, and that such money will not become the money of the future.

They admit that wherever society is divided into two distinct classes, the governing and the producing class, a fiat money is open to serious if not fatal objections, the chiefest of which is the danger of trusting its issue to the good faith of the rulers, whose profligacy, ambition, and extravagance would be sure to impel them to vitiate and ultimately destroy it by excessive issues, as they have from the same motives frequently debased metallic money, and that the scales and crucible afford some protection against the debasement of metallic money, while an overissue of paper money, when in the hands of the governing few, can neither be guarded against nor remedied. But they claim that in the present enlightened age the true function of money is better understood than at any former period. That with all the experience of the past to warn and guide, false systems may be avoided and a true system established. That such countries as have free, stable, and constitutional governments and advanced systems of jurisprudence, and which furnish universal opportunities for education and whose citizens are by the practice of liberty accustomed to self-imposed burdens and restraints, can be intrusted with the regulation of the volume and value of fiat money, with a full assurance that it will be regulated with wisdom and equity, and they maintain that it is the only kind of money whose value can be scientifically regulated.

A concession to the paper theory—A new scheme of metallic money that abandons automatic regulation and acknowledges the interference of government to be necessary to secure steadiness in the value of money.

The world has generally favored, theoretically if not practically, the automatic metallic system, and adjusted its business to it. Some nations adopted one metal as their standard, and some the other, and some adopted both. Those that adopted both metals served as a balance-wheel to steady with exactness their relative value. The practical effect of all this was the same as if all nations had adopted both, because it secured the entire stock of both at a fixed equivalency for the transaction of the business of the world. While some nations have changed their money metal, or, having had paper money, have resumed specie payments in one metal, the policy of a general demonetization of one of the metals was first broached only about twenty years ago. About ten years later a formidable propaganda was organized to fasten that policy upon the commercial world.

This new school of financial theorists advocate the retention of metal as the material of money, but favor its subjection to governmental interference in every respect. Whenever new mines are discovered, or old ones yield or promise to yield more abundantly, instead of freely ac-

cepting their product in accordance with the automatic theory, they advocate its rejection through the restriction or the absolute prohibition of the coinage of either or both metals, or through the limitation or the abolition of the legal-tender function of one of them. Whenever the interests of the creditor and income classes seem to be in danger of being impaired by an increase in the volume and decrease in the value of money, or, in other words, by a general rise in prices, these modern theorists are clamorous in double-standard countries for the demonetization of one of the money metals, and in single-standard countries for the shifting of the money function from the metal which promises the most to the one that promises the least abundant supply. They are extremely anxious for the retention of the *material* of which the money-standard is composed when such material is rising in value, and prices are falling, and exceedingly apprehensive of the evil and inconvenience which they predict as sure to result from changing it. Whenever a fall in prices occurs, through either a natural or artificial contraction in the volume of money, they maintain that it is due to antecedent inflation and extravagance, or to overproduction through persistent and reckless industry. If the contraction be natural, that it cannot be helped, and if artificial, that though it may inflict great temporary losses on the masses of the people, it will be sure to result in their ultimate benefit, and they console the sufferers with the comforting assurance that such contraction is necessary in order to reach the lowest depths of that "*hard pan*" whose foundations they have previously undermined by demonetizing one of the metals, and upon which alone they claim that money, capital, and labor can securely and harmoniously rest. But when the material composing the standard is falling in value and prices are rising, they immediately discover that the maintenance of the *value* of the standard is the all-important consideration, and that its material is of no importance whatever and should be at once changed to "*redress the situation.*" After having reduced one of the metals to a commodity by depriving it of the money function, these theorists complacently point to the resulting fluctuations in its value as a justification of the act producing them, and as a conclusive proof of the unfitness for money of the demonetized metal.

This system retains all that is mischievous in both of the other systems, and rejects all that is advantageous in either. Metallic money, on this theory, is no longer automatic, but is as completely subjected to governmental control for all injurious purposes as paper money. But, unlike paper money, the control over this kind of metallic money can only be exercised in the baneful direction of decreasing its volume, and thereby making property cheaper and money scarcer and dearer.

This is a one-sided system, which can operate only in the interest of the security creditor, the usurer, and pawnbroker, whom it enables, through the falling prices which itself occasions, to swallow up the shrunken resources of the debtor, but is impotent to protect the interests of the unsecured business creditor, the debtor, or society, when, from any cause, the supply of the money metals becomes deficient.

The world has expended a vast amount of labor in the production of the precious metals, and has made great sacrifices in upholding the automatic metallic system of money, and has a right to insist that it shall be consistently let alone to work out its own conclusions, or that it be abandoned.

If the world, or any considerable portion of it, should follow the teachings of this new school of economists and discard one metal and one-half of the automatic theory, it need not surprise them if the resulting

financial and commercial disasters should teach and enforce the policy of discarding the other half of the theory and the other metal, and of establishing some system of money, however unscientific, under which all classes and interests could at least have an equal chance of protection.

THE DIFFERENT EFFECTS PRODUCED BY AN INCREASING, DECREASING, AND STEADY VOLUME OF MONEY.

Effects of an increasing volume of money.

Whenever gold and silver prices have become adjusted to a given stock of those metals, an increase of that stock, other things remaining unchanged, will cause a rise and a decrease will cause a fall in prices. But under such conditions other things never do remain unchanged. There are powerful causes, moral and material, which invariably operate, when money is increasing in volume, to moderate the rise in prices, and to intensify their fall when it is decreasing. Hence, the fall in prices caused by a decreasing volume of money would be much greater in degree than would be the rise caused by a proportionately increasing volume.

Whenever it becomes apparent that prices are rising and money falling in value in consequence of an increase of its volume, the greatest activity takes place in exchanges and productive enterprises. Every one becomes anxious to share in the advantages of rising markets. The inducement to hoard money is taken away, and consequently the disposition to hoard it ceases. Its circulation becomes exceedingly active, and for the very plain reason that there could be no motive for holding or hoarding money when it is falling in value, whilst there would be the strongest possible motive for exchanging it for property, or for the labor which creates property, when prices are rising. Under these circumstances labor comes into great demand and at remunerative wages. This results in not only increased production, but increased consumption. The wants and expenditures of laborers increase with their earnings. Large enterprises, safe and unsafe, are at such times inaugurated by eager adventurers, and as frequently as otherwise upon insufficient capital.

If, however, the volume of money should increase in undue proportion to the new demands for it so as to cause a continuous and persistent rise in prices, it would encourage gambling in prices instead of encouraging production, and would end in the destruction of that industry which it at first stimulated. Such would be the haste to convert money into property that the price of all forms of property would advance more rapidly than the wages of labor. The laborer, excited by the apparent increase in the value of everything, would soon become discontented with the slow accumulations of his increased wages. Using his surplus earnings as a basis of credit, which is readily extended upon small margins when prices are rising, he would leave the field of productive industry for the illusory but more inviting field of speculative venture.

An increasing volume of money sometimes needed, after long periods of prostration.

It may, however, be possible that when industry has been dwarfed, commerce paralyzed, and the spirit of enterprise crushed out by a long-continued shrinkage in the volume of money and falling prices, the stimulus of rising prices would be a necessary temporary treatment.

At the Christian era the metallic money of the Roman Empire amounted to \$1,800,000,000. By the end of the fifteenth century it had shrunk to

less than \$200,000,000. During this period a most extraordinary and baleful change took place in the condition of the world. Population dwindled and commerce, arts, wealth, and freedom all disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. The conditions of life were so hard, that individual selfishness was the only thing consistent with the instinct of self-preservation. All public spirit, all generous emotions, all the noble aspirations of man shriveled and disappeared as the volume of money shrunk and as prices fell.

History records no such disastrous transition as that from the Roman Empire to the Dark Ages. Various explanations have been given of this entire breaking down of the frame-work of society, but it was certainly coincident with a shrinkage in the volume of money, which was also without historical parallel. The crumbling of institutions kept even step and pace with the shrinkage in the stock of money and the falling of prices. All other attendant circumstances than these last have occurred in other historical periods unaccompanied and unfollowed by any such mighty disasters. It is a suggestive coincidence that the first glimmer of light only came with the invention of bills of exchange and paper substitutes, through which the scanty stock of the precious metals was increased in efficiency. But not less than the energizing influence of Potosi and all the argosies of treasure from the New World were needed to arouse the Old World from its comatose sleep, to quicken the torpid limbs of industry, and to plume the leaden wings of commerce. It needed the heroic treatment of rising prices to enable society to reunite its shattered links, to shake off the shackles of feudalism, to relight and uplift the almost extinguished torch of civilization. That the disasters of the Dark Ages were caused by decreasing money and falling prices, and that the recovery therefrom and the comparative prosperity which followed the discovery of America were due to an increasing supply of the precious metals and rising prices, will not seem surprising or unreasonable when the noble functions of money are considered. Money is the great instrument of association, the very fiber of social organism, the vitalizing force of industry, the protoplasm of civilization, and as essential to its existence as oxygen is to animal life. Without money civilization could not have had a beginning; with a diminishing supply it must languish, and, unless relieved, finally perish.

Symptoms of disasters similar to those which befell society during the Dark Ages were observable on every hand during the first half of this century. In 1809 the revolutionary troubles between Spain and her American colonies broke out. These troubles resulted in a great diminution in the production of the precious metals, which was quickly indicated by a fall in general prices. As already stated in this report, it is estimated that the purchasing-power of the precious metals increased between 1809 and 1848 fully 145 per cent., or, in other words, that the general range of prices was 60 per cent. lower in 1848 than it was in 1809. During this period there was no general demonetization of either metal and no important fluctuation in the relative value of the metals, and the supply was sufficient to keep their stock good against losses by accident and abrasion. But it was insufficient to keep the stock up to the proper correspondence with the increasing demand of advancing populations. The world has rarely passed through a more gloomy period than this one. Again do we find falling prices and misery and destitution inseparable companions. The poverty and distress of the industrial masses were intense and universal, and, since the discovery of the mines of America, without a parallel. In England the sufferings of the people found ex-

pression in demands upon Parliament for relief, in bread-riots, and in immense Chartist demonstrations. The military arm of the nation had to be strengthened to prevent the all-pervading discontent from ripening into open revolt. On the Continent the fires of revolution smoldered everywhere and blazed out at many points, threatening the overthrow of states and the subversion of social institutions.

Whenever and wherever the mutterings of discontent were hushed by the fear of increased standing armies, the foundations of society were honey-combed by powerful secret political associations. The cause at work to produce this state of things was so subtle, and its advance so silent, that the masses were entirely ignorant of its nature. They had come to regard money as an institution fixed and immovable in value, and when the price of property and the wages of labor fell, they charged the fault, not to the money, but to the property and the employer. They were taught that the mischief was the result of overproduction. Never having observed that overproduction was complained of only when the money stock was decreasing, their prejudices were aroused against labor-saving machinery. They were angered at capital, because it either declined altogether to embark in industrial enterprises or would only embark in them upon the condition of employing labor at the most scanty remuneration. They forgot that falling prices compelled capital to avoid such enterprises on any other condition, and for the most part to avoid them entirely. They did not comprehend that money in shrinking volume was the prolific parent of enforced idleness and poverty, and that falling prices divorced money, capital, and labor, but they none the less felt the paralyzing pressure of the shrinking metallic shroud that was closing around industry.

The increased yield of the Russian gold fields in 1846 gave some relief and served as a parachute to the fall in prices, which might otherwise have resulted in a great catastrophe. But the enormous metallic supplies of California and Australia were all needed to give substantial and adequate relief. Great as these supplies were, their influence in raising prices was moderated and soon entirely arrested by the increasing populations and commerce which followed them. In the twenty-five years between 1850 and 1876 the money stock of the world was more than doubled, and yet at no time during this period was the general level of prices raised more than 18 per cent. above the general level in 1848. A comparison of this effect of an increasing volume of money after 1848 with the effect of a decreasing volume between 1809 and 1848 strikingly illustrates how largely different in degree is the influence upon prices of an increasing or decreasing volume of money. The decrease of the yield of the mines since about 1865, while population and commerce have been advancing, has already produced unmistakable symptoms of the same general distrust, non-employment of labor and political and social disquiet, which have characterized all former periods of shrinking money.

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Steadiness in the volume of money essential to prosperity.

It is in a volume of money keeping even pace with advancing population and commerce, and in the resulting steadiness of prices, that the wholesome nutriment of a healthy vitality is to be found. The highest moral, intellectual, and material development of nations is promoted by the use of money unchanging in its value. That kind of money, instead of being the oppressor, is one of the great instrumentalities of commerce and industry. It is as profitless as idle machinery when it is idle; differing from all other useful agencies, it cannot benefit

its owner except when he parts with it. It is only under steady prices that the production of wealth can reach its permanent maximum, and that its equitable distribution is possible. Steadiness in prices insures labor to all and exacts labor from all. It gives security to credit and stability and prosperity to business. It encourages large enterprises, requiring time for their development, and crowns with success well-matured and carefully-executed plans. It discourages purely speculative ventures, and especially those based upon disaster. It encourages actual transactions rather than gambling on future prices. It metes out justice to both debtor and creditor, and secures credit to those who deserve it. It prevents capital from oppressing labor and labor from oppressing capital, and secures to each its just share of the fruits of industry and enterprise. It secures a reasonable interest for its use to the lenders of money, and a just share in the profits of production to the borrower. It keeps up the distinction between a mortgage and a deed. It insures a moderate competence to the many rather than colossal fortunes to the few at the expense of the many.

It may be impossible to devise any system through which the volume of money shall always increase or decrease in corresponding ratio to the increase or decrease of all those things which it is its function to measure. If it be admitted that the volume of money should increase *pari passu* with either wealth, commerce, or population, the least measure of increase would be that based on population, as in commercial countries both wealth and exchanges are multiplied more rapidly than population. The narrower measure of increase would probably be the more accurate one, as the thing to be measured and which it is important should have an unvarying value is human effort, and as that can neither be increased nor diminished except through an increase or diminution of the population, it would seem that the volume of money should only vary with population.

As steadiness in prices, which depends on steadiness in the relation between money and all other things, is essential to prosperity, it follows that in any change in money-systems the volume of the new money, that is to say, the number of units of the new money issued, should, if possible, be neither greater nor less than the number of units in circulation at the time of the change. A strict observance of this rule, whatever may be the material of money, will prevent any general rise or fall in prices.

The quantity of metallic money, or of paper money constantly convertible into metallic money, which can be maintained in the circulation of any particular country cannot be controlled arbitrarily. It cannot be greater than such an amount as may be requisite to maintain the prices of such country at a substantial parity with the prices of all other countries using the same kind of money. Any change from this amount must be temporary, and will be soon automatically corrected by the course of exchange.

The volume of inconvertible paper money, on the contrary, is local to, and subject to the control of, the country issuing it, and should be regulated solely with reference to existing prices, and consequently should be neither increased nor diminished, except in correspondence with changes in population and commerce.

The proposition often made that the quantity of money in this country should amount now to as much *per capita* as it did at some anterior period, or to as much *per capita* as in England or France, rests on no philosophical basis whatever. Irrespective of the time-contracts, it is of no consequence what the volume of money may be, provided it be subdivided

into such number of units, or fractions of units, as would meet physical requirements, while the equity of such contracts can be met only by maintaining the relation between money and other things undisturbed.

Equally fanciful and erroneous is the proposition that the rates of interest for money can be lowered by increasing its quantity. It is prices, and not interest, which depend upon the volume of money. The rates for the use of loanable capital depend upon entirely different factors; such as the current rates of business profits, productiveness of the soil, the security of property, the stability of government, pressure of taxation, and the fiscal policies of governments, such as the maintenance of public debts, which necessarily increase the rate of interest. In truth, increasing the amount of money tends indirectly to increase the rate of interest by stimulating business activity, while decreasing the amount of money reduces the rate of interest by checking enterprises and thereby curtailing the demand for loans. This is signally illustrated by the present condition of things in every part of the commercial world. The rate of interest should be, and under a correct money system would be, merely an expression of the rate of profit which could be made through the use of borrowed capital.

Effects of a decreasing volume of money.

While the volume of money is decreasing, even although very slowly, the value of each unit of money is increasing in corresponding ratio, and property is falling in price. Those who have contracted to pay money find that it is constantly becoming more difficult to meet their engagements. The margins of securities melt rapidly away, and the confiscation by the creditor of the property on which they are based becomes only a question of time. All productive enterprises are discouraged and stagnate because the cost of producing commodities to-day will not be covered by the prices obtainable for them to-morrow. Exchanges become sluggish, because those who have money will not part with it for either property or services, beyond the requirements of actual current necessities, for the obvious reason that money alone is increasing in value, while everything else is declining in price. This results in the withdrawal of money from the channels of circulation, and its deposit in great hoards, where it can exert no influence on prices. This hoarding of money from the nature of things must continue and increase not only until the shrinkage of its volume has actually ceased, but until capitalists are entirely satisfied that money lying idle on special deposit will no longer afford them revenue, and that the lowest level of prices has been reached. It is this hoarding of money, when its volume shrinks, which causes a fall in prices greater than would be caused by the direct effect of a decrease in the stock of money. Money in shrinking volume becomes the paramount object of commerce instead of its beneficent instrument. Instead of mobilizing industry, it poisons and dries up its life-currents. It is the fruitful source of political and social disturbance. It fomented strife between labor and other forms of capital, while itself hidden away in security gorges on both. It rewards close-fisted lenders and filches from and bankrupts enterprising borrowers. It circulates freely in the stock exchange but avoids the labor exchange. It has in all ages been the worst enemy with which society has had to contend.

The great and still continuing fall in prices in the United States has proved most disastrous to nearly every industrial enterprise. The bitter experience of the last few years has been an expensive but most thorough

teacher. It has taught capitalists neither to invest in nor loan money on such enterprises, and just as thoroughly has it taught business men not to borrow for the purpose of inaugurating or prosecuting them. Of the few business enterprises now being successfully prosecuted, the larger part are based on a monopoly secured either by patents or exceptional conditions. The business man has discovered that the less active and enterprising he is the better he is off. The manufacturer avoids loss by damping down furnace-fires and slowing down machinery.

The mining companies would find profit in inactivity, and would probably suspend operations, were it not for the great loss they would sustain in doing so. Mines can be properly opened only through a great outlay of capital, which would be practically lost if they were closed down for any considerable period of time. The filling up with water, the caving in of galleries, the crushing in of shafts, the rusting of machinery, and the general disarrangement of their interior workings would require for their repair a not much less expenditure than was necessary for their original opening. Hoping for better times, they therefore struggle on against an adverse current, without profit and generally only without loss by reducing their miscellaneous expenditures to the lowest possible point and wages to a starvation level. The miners ascend from the dark and gloomy depths of the mine with their scanty pittance called wages, to find in a famishing household a gloom that is more profound. They await with heroic fortitude and a sometimes impatient hope the advent of another Sir Humphrey Davy, with a lamp capable of shedding light on the cause of existing evils, and of protecting them and all others who depend on their labor for their daily bread against a lingering misery more to be dreaded than the deathly danger that lurks in the treacherous fire-damp.

The stockholders of railroads have suffered a vast shrinkage in the value of their property and in the volume of their traffic and in rates of transportation, while their debts have remained nominally the same but really increasing. In order to make their decreased receipts meet the interest on their bonds, they are forced to reduce their operating expenses to the lowest possible point. Their struggles seem to be in vain, and unless that system can be changed which is making each dollar which they owe more valuable, and at the same time causing a shrinkage in their business, and which is chaining labor and all other forms of capital to the chariot-wheels of money-capital, they will, one after another, be swallowed by the bondholders. In the end the stockholders will be entirely out of the account, and the contest will be between different classes of bondholders, if that can be called a contest where victory is assured in advance to the liens which have priority.

Farmers whose lands are not mortgaged, and their employes who at least are insured against absolute want, best escape the evils of the times, but the prices of agricultural products must finally decline with the reduction in the number and means of the consumers. The tendency of falling prices is to break down the vast diversified interests of the country, and to force a constantly-increasing proportion of the population into the one single primitive industry of cultivating the soil. The United States, instead of continuing a highly commercial and manufacturing nation, will, until falling prices are checked, become more and more exclusively agricultural and pastoral.

Securities have already become so impaired through falling prices that loanable capital has fled affrighted from the newer and more sparsely settled sections of the country and accumulated in large amounts in the great financial centers where securities are more ample. The per-

sonal and property securities of individuals have generally ceased to be available, except at the highest rates of interest, or at ruinously low valuations. Money can be borrowed readily only upon such securities as bonds which are based on the unlimited tax-levying power of the Government, or upon the bonds and stocks of first-class trunk-lines of railroad corporations, whose freight and fare rates are practically a tax upon the entire population and resources of the regions which they traverse and supply. The competition among capitalists to loan money on these more ample securities has become very keen, and such securities command money at unprecedentedly low rates. These low and lowering rates of interest, instead of denoting financial strength and industrial prosperity, are a gauge of increasing prostration. Large accumulations of money in financial centers, instead of being caused by the overflow of a healthful circulation, or even a proof of a sufficient circulation, are unmistakable evidence of a congested condition, caused by a decreasing and insufficient circulation. The readiness with which Government bonds bearing a very low rate of interest are taken, instead of showing that the credit of the Government has improved, is melancholy evidence of the prostrated condition to which industry and trade have been reduced. There need be no haste in refunding the public debt at the rates now proposed and considered low. Unless the progress of the commercial world in the policy of contracting money by demonetizing silver is checked, bonds bearing a much lower rate of interest than any yet offered will be gladly accepted by capitalists here and in Europe. When the money stock is diminishing and prices are falling, the lender not only receives interest, but finds a profit in the greatly increased value of the principal when it is returned to him. A loan of money made in 1809, if repaid in 1848, would have been repaid with an addition of 145 per cent. in the purchasing power of principal and interest, besides all the interest paid. Those who have loaned money to this Government since 1861 have already received nearly as much in the increased value of their principal as in interest, and all the probabilities are, in respect to the four per cent. thirty-year national bonds now being negotiated, if they are redeemed in gold, that more profit will be made by the augmentation in the value of principal than through interest. Indeed, the signs of the times are, that the bonds of a country possessing the unbounded resources and stable institutions of the United States, payable in gold at the end of thirty years without any interest whatever, would, through the increase of the value of that metal, prove a most profitable investment.

Effects of a shrinking volume of money on productive industry.

The worst effect, however, economically considered, of falling prices, is not upon existing property nor upon debtors, evil as it is, but upon laborers whom it deprives of employment and consigns to poverty, and upon society, which it deprives of that vast sum of wealth which resides potentially in the vigorous arms of the idle workman. A shrinking volume of money transfers existing property unjustly, and causes a concentration and diminution of wealth. It also impairs the value of existing property by eliminating from it that important element of value conferred upon it by the skill, energy, and care of the debtors from whom it is wrested. But it does not destroy any existing property, while it does absolutely annihilate all the values producible by the labor which it condemns to idleness. The estimate is not an extravagant one that there are now in the United States three million persons willing to work, but who are idle because they cannot obtain employment.

This vast poverty-stricken army is increasing and will continue to increase so long as falling prices shall continue to separate money capital, the fund out of which wages is paid, from labor, and to discourage its investment in other forms of property.

Money capital, labor, and other forms of capital are the warp and woof of the economical system. Labor, co-operating with the forces of nature, is the source of all wealth, and to reach the highest degree of effectiveness, it must be classified through the aid of capital and supported by capital during the process of production and be measured and paid in money, each unit of which is a sight-draft on all other forms of property, bearing a value in proportion to the number of such drafts. In order that any country may reach the maximum of material prosperity, certain conditions are indispensable. All its labor, assisted by the most approved machinery and appliances, must be employed, and the fruits of industry must be justly distributed. These conditions are only possible when capital is absolutely protected against violence and free from illegitimate legislative interference, and when the laborer is protected in his natural right to dispose of his labor in such manner as he may prefer. They are utterly impossible when the money-stock is shrinking and the money-value of property and services is declining. Howsoever great the natural resources of a country may be, however genial its climate, fertile its soil, ingenious, enterprising, and industrious its inhabitants, or free its institutions, if the volume of money is shrinking and prices are falling, its merchants will be overwhelmed with bankruptcy, its industries will be paralyzed, and destitution and distress will prevail.

The instinct of self-interest is the mainspring of industrial and commercial activity. It is the animating motive alike of the capitalist and of the laborer. Without it, no labor would be performed, nor would capital have an existence. If money capital is withdrawn from productive enterprises, it is from the apprehension of loss and from the same instinct of thrift through which it was acquired. It is natural that the money capitalist should exact from labor all he can in exchange for his money, and that the laborer should exact all the money he can in exchange for his labor. What is known as the conflict between capital and labor, is not so much a conflict between other forms of capital and labor as it is between money and labor. Indeed, the conflict between money and other forms of capital is as distinctly marked and quite as severe as the conflict between money and labor, and in that conflict other forms of capital suffer fully as much as labor, the only difference being that they are better able to endure losses. Other forms of capital must be constantly converted into money in order to pay wages and to meet other demands incident to industrial enterprises. When the stock of money is shrinking and prices are falling, this conversion can only be made at rates continually growing more unfavorable, while at the same time the products of the labor for whose wages sacrifices have been made are also undergoing a shrinkage of money-value. Thus loss and sacrifice are encountered at every turn, and the owners of other capital than money shrink from the friction of exchange, withdraw from productive enterprises, and only exchange as much of their property for money as will suffice to meet the necessary expenditures of living, which are reduced to the most economical level, as it is principal and not income which is being consumed. Little more labor will be employed under these circumstances than is sufficient to support the owners of capital on this parsimonious basis, and as a consequence the labor market will be overstocked, and the competition between laborers will reduce wages to a starvation level. But during this period, when property is being sacri-

ficed to meet current necessities, and laborers are being remitted to idleness and destitution, money fattens on the general disaster. Under any money-system whatever, labor, money, and other forms of capital confront each other as opposing forces, each seeking through a natural instinct to secure as much as possible of the others in exchange. These forces, although always operating against, are not necessarily inimical to or destructive of each other. On the contrary, under a just money-system, they are not even harmful to each other. The conflict between them is essential to the proper adjustment and harmonious working of all parts of the economical machinery. They are the centripetal and centrifugal forces of the industrial system. The equilibrium of all things is maintained through counterbalances. It is out of the action and counteraction of antagonistic forces that the harmonies of the universe are evolved. But under an unjust money-system, under a system which through law or accident fails to regulate the quantity of money so as to preserve the equilibrium between money and the other factors of production, the conflict between money and labor and other forms of capital becomes destructive and ruinous. It is in the shadow of a shrinking volume of money that disorders social and political order and fester, that communism organizes, that riots threaten and destroy, that labor starves, that capitalists conspire and workmen combine, and that the revenues of governments are dissipated in the employment of laborers, or in the maintenance of increased standing armies to overawe them. The peaceful conflict which under a just money-system is continually waged between money, capital, and labor, and which tends only to secure the rights of each, and is essential to the progress of society, is changed under a shrinking volume of money to an unrelenting war, threatening the destruction of both. Money, in either shrinking or unduly increasing volume, like a dissolving chemical, separates capital from labor. It is not against capital, but against the false financial system that permits the volume of money to either shrink or unduly increase, that the hostility of society should be aroused. Let labor and capital be put on equal terms, so that idle capital will be as unfruitful as idle labor, and the conflict between them will cease to be destructive. An unjust money-system produces an unnatural relation between labor, capital, and money, and the resulting evils cannot be remedied by special legislation on particular cases, nor by general legislation abridging the natural rights of either. Such legislation would be futile and impertinent, destructive of that freedom of individual action so essential to progress, and subversive of the true interests of all classes of society, and would powerfully tend to the overthrow of free institutions. The equitable adjustment of the correlative demands of capital and labor cannot be made through violence, and is utterly impossible through any legal or other contrivance, under any system that permits contraction or undue expansion of that great instrument which measures alike the property of the capitalist and the labor of the workman. It is only through the action and counteraction of the antagonistic forces of capital and labor, automatically operating under a just money-system, that equity and harmony can be evolved.

The very same reasons which make capitalists refuse to exchange money, whose command over property is increasing, for property, whose command over money is decreasing, also make them refuse to exchange it for labor for the production of property. In a commercial sense, industrial enterprises are never undertaken nor carried on except with the hope and expectation of gain. This expectation, unless under exceptional conditions, falling markets destroy. While capitalists, for these

reasons, cannot afford to invest money in productive enterprises, still less can anybody afford to borrow money for such investments at any rate of interest, however low, and but little money is being now borrowed, except for purely speculative ventures, or to supply personal and family wants, or to renew old obligations. Money withdrawn from circulation and hoarded in consequence of falling prices, although neither paying wages, nor serving to exchange the fruits of industry, nor performing any of the true functions of money, is nevertheless not unproductive. It may not be earning interest, but it is enriching its owner through an increase of its own value, and that, too, without risk, and at the expense of society. If this were not the case, and if money were, while idle, losing a little in value instead of gaining, or if it simply held its own, it would be constantly diminished to the extent of the necessary expenditures of its owners who, under such conditions would be impelled by every instinct of thrift to seek for revenue through its employment in productive enterprises. The peculiar effect of a contraction in the volume of money is to give profit to the owners of unemployed money, through the appreciation of its purchasing power, by the mere lapse of time. It is falling prices that robs labor of employment and precipitates a conflict between it and money capital, and it is the appreciating effect which a shrinkage in the volume of money has on the value of money that renders the contest an unequal one, and gives to money capital the decisive advantage over labor and over other forms of capital invested in industrial enterprises. Idle machinery and industrial appliances of all kinds, instead of being productive of profit, are a source of loss. They constantly deteriorate through rust and waste. They cannot escape the assessor and tax-gatherer, as the bulk of money does, and must pay extra insurance when idle. Labor, unlike money, cannot be hoarded. The day's labor unperformed is so much capital lost forever to the laborer and to society. It being his only capital, his only means of existence, the laborer cannot wait on better times for better wages. Absolute necessity forces him to dispose of it on any terms which the owners of money may dictate. These are the conditions which surround the laborer throughout the commercial world to-day. The labor of the past is enslaving the labor of the present. At least that portion of the labor of the past which has been crystallized into money is enabled, through a shrinkage of its volume and while lying idle in the hands of its owners, to increase its command over present labor and over all forms of property and to transform vast numbers of honest and industrious workmen into tramps and beggars. These laborers must make their wants conform to their diminished earnings. They must content themselves with such things as are absolutely essential to their existence. Consumption is therefore constantly shrinking toward such limits as urgent necessities require. Production, which must be confined to the limits indicated by consumption, is constantly tending toward its minimum, whereas its appliances, built up under more favorable conditions, are sufficient to supply the maximum of consumption. Thus idle labor, idle money, idle machinery, and idle capital stand facing each other, and the stagnation spreads wider and wider. The future affords no hope or prospect of improvement, except through a change in financial policies. Prices have been persistently falling throughout the world since 1873, and as fast and as far in specie-paying countries as elsewhere. If the policy of chaining the industry and commerce of the world to a single metal be persisted in by the United States, Germany, and the other European countries acting in concert with them, money must still rise in value, and prices must continue to fall. The depression in productive industry

will become more deathly, and the number of idle laborers will indefinitely multiply. The loss which this country sustains by reason of the enforced idleness of three million persons who, although idle, must still in some scanty way be supplied with food, clothing, and shelter, is in the aggregate very great. If it be estimated at one dollar per day for each laborer, it would amount in two years to a sum sufficient to discharge the national debt. It would pay the interest, at five per cent. per annum, on eighteen thousand million dollars. It would be a sum more than sufficient to supply anew each year the circulating medium of the country. It would amount, in four years, to a greater sum than the world's entire gold product has amounted to in the last fifty prolific years. It would aggregate in ten years a value far greater than the value of the world's entire product of both gold and silver for the last hundred years. It would amount in four years to a sum more than sufficient to duplicate and stock every mile of railroad now in the United States. Contrasted with the startling sum thus annually lost through the shrinkage of money and falling prices, the amount which could by any possibility be lost in a generation through fluctuations in the relative values of gold, silver, and paper, would weigh as mere dust in the balance. If to this loss be added that caused by the non-employment of productive machinery and appliances, the aggregate becomes appalling. The average stocks of nearly all commodities are at no time sufficient for more than a few months' consumption. Without constant reproduction mankind would soon be stripped of all their movable possessions. No more fatal blow, therefore, could be directed against the economical machinery of civilized life than one against labor, and that blow can be most effectively delivered through a policy which strikes down prices. If all debts in this country had been doubled by an act of legislation, it would have been a far less calamity to the debtor and to the country than the increase in their real burden already caused by a contraction in the volume of money. And infinitely more disastrous in every sense than an unjust increase in the burden of debt is the universal stagnation of industry and commerce resulting from the same cause. The doubling of debts would have left the productive forces unimpaired, while falling prices are sapping them insidiously and fatally. Nations have often exhibited an astonishing capacity for sustaining and repairing the destruction of great and protracted wars. The explanation of this will be found in the fact that their productive forces have at such times continued vigorous and active. Armies in barracks and on parade are as essentially non-producers as when actively engaged, and a considerable proportion of the additions made to armies in times of war are recruited from the ranks of non-producers. England was never more prosperous than during the Napoleonic wars. The Northern and Western States of this Union were never more prosperous than during the civil war, and for some time afterward. So long as all the productive forces are active almost any burden can be borne. The debts of the country, great as they are, would scarcely weigh as a feather if all its labor were employed. Indeed, this country could better afford, in an economical view, to support one million of soldiers in the field than to support its present army of three millions that falling prices have conscripted into the ranks of non-producers.

Authority emphasizes what experience teaches.

All respectable authorities agree as to the relative effects of an increasing and decreasing money. Several of them are presented, the

earliest in point of time being the following, from David Hume's *Essay on Money*:

It is certain that since the discovery of the mines in America industry has increased in all the nations of Europe. * * * We find that in every kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face; labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plow with greater alacrity and attention. * * * It is of no manner of consequence with regard to the domestic happiness of a state whether money be in a greater or less quantity. The good policy of the magistrate consists only in keeping it, if possible, still increasing; because by that means he keeps alive a spirit of industry in the nation and increases the stock of labor, in which consists all real power and riches. A nation whose money decreases is actually at that time weaker and more miserable than another nation which possesses no more money, but is on the increasing hand.

Alexander Hamilton, in his report (1791) on the mint, says:

To annul the use of either of the metals as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scanty circulation.

Thomas Jefferson, in a letter to Mr. Hamilton (February, 1792), says:

I concur with you that the unit must stand on both metals.

William H. Crawford, Secretary of the Treasury, in a report (February 12, 1820) to Congress, says:

All intelligent writers on currency agree that when it is decreasing in amount, poverty and misery must prevail.

Mr. R. M. T. Hunter, in a report (1852) to the United States Senate, says:

Of all the great effects produced upon human society by the discovery of America, there were probably none so marked as those brought about by the great influx of the precious metals from the New World to the Old. European industry had been declining under the decreasing stock of the precious metals, and an appreciating standard of values; human ingenuity grew dull under the paralyzing influences of declining profits, and capital absorbed nearly all that should have been divided between it and labor. But an increase in the precious metals, in such quantity as to check this tendency, operated as a new motive-power to the machinery of commerce. Production was stimulated by finding the advantages of a change in the standard on its side. Instead of being repressed by having to pay more than it had stipulated for the use of capital, it was stimulated by paying less. Capital, too, was benefited, for new demands were created for it by the new uses which a general movement in industrial pursuits had developed; so that if it lost a little by a change in the standard, it gained much more in the greater demand for its use, which added to its capacity for reproduction, and to its real value.

The mischief would be great, indeed, if all the world were to adopt but one of the precious metals as the standard of value. To adopt gold alone would diminish the specie currency more than one-half; and the reduction the other way, should silver be taken as the only standard, would be large enough to prove highly disastrous to the human race.

The *Encyclopædia Britannica*, 1859 (article *Precious Metals*, by J. R. McCulloch), says:

A fall in the value of the precious metals, caused by the greater facility of their production, or by the discovery of new sources of supply, depends in no degree on the theories of philosophers, or the decision of statesmen or legislators, but is the result of circumstances beyond human control; and although, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.

Ernest Seyd, 1868 (*Bullion*, page 613), says:

Upon this one point all authorities on the subject are agreed, to wit, that the large increase in the supply of gold has given a universal impetus to trade, commerce, and industry, and to general social development and progress.

The *American Review* (1876) says:

Diminishing money and falling prices are not only oppressive upon debtors, of whom, in modern times, states are the greatest, but they cause stagnation in business, reduced production, and enforced idleness. Falling markets annihilate profits, and as it is only the expectation of gain which stipulates the investment of capital in opera-

tions, inadequate employment is found for labor, and those who are employed can only be so upon the condition of diminished wages. An increasing amount of money, and consequently augmenting prices, are attended by results precisely the contrary. Production is stimulated by the profits resulting from advancing prices; labor is consequently in demand and better paid, and the general activity and buoyancy insure to capital a wider demand and higher remuneration.

Leon Fauchet (1843), in *Researches upon Gold and Silver*, says :

If all the nations of Europe adopted the system of Great Britain the price of gold would be raised beyond measure, and we should see produced in Europe a result lamentable enough.

Before a French monetary convention in 1869 testimony was given by the late M. Wolowski, by Baron Rothschild, and by M. Rouland, governor of the Bank of France.

M. Wolowski said:

The sum total of the precious metals is reckoned at fifty milliards, one-half gold and one-half silver. If, by a stroke of the pen, they suppress one of these metals in the monetary service, they double the demand for the other metal, to the ruin of all debtors.

M. Rouland, governor of the Bank of France, said:

We have not to do with ideal theories. The two moneys have actually co-existed since the origin of human society. They co-exist because the two together are necessary, by their quantity, to meet the needs of circulation. This necessity of the two metals, has it ceased to exist? Is it established that the quantity of actual and prospective gold is such that we can now renounce the use of silver without disaster?

Baron Rothschild said:

The simultaneous employment of the two precious metals is satisfactory and gives rise to no complaint. Whether gold or silver dominates for the time being, it is always true that the two metals concur together in forming the monetary circulation of the world, and it is the general mass of the two metals combined which serves as the measure of the value of things. The suppression of silver would amount to a veritable destruction of values without any compensation.

At the session (October 30, 1873) of the Belgian Monetary Commission, Professor Laveleye said :

Debtors, and among them the state, have the right to pay in gold or silver, and this right cannot be taken away without disturbing the relation of debtors and creditors, to the prejudice of debtors, to the extent of perhaps one-half, certainly of one-third. To increase all debts at a blow (*brusquement*), is a measure so violent, so revolutionary, that I cannot believe that the Government will propose it, or that the Chambers will vote it.

The contrast presented by these authorities between the effects of an increasing and decreasing volume of money shows that if a change in the one direction or the other is unavoidable, a change in the direction of increase is the most desirable. Undoubtedly the best condition upon the whole is that of steadiness, or only such an increase of money as would correspond with the advance of population. But with the history before us of thirty centuries of mining, we know that an injurious and excessive increase of metallic money has never occurred. We may feel assured that it never can occur, because the enlargement of commercial exchanges, which results from an increase of money, speedily restores the equilibrium. The danger of an unduly increasing money is theoretical and fanciful. The mischief which practically threatens the world, and which has been the most prolific cause of the social, political, and industrial ills which have afflicted it, is that of a decreasing and deficient money. It is from such a deficiency that mankind are now suffering, and it is the actual and present evil with which we have to deal.

A single standard ruinous to debtors—Magnitude of public and private debts.

All debts must at last be paid through exaction from labor, and the

real pressure of debts is measured by the prices of the commodities which debtors must sell in order to make payment. It is thus that the volume of the precious metals determines the real pressure of debts by determining the prices of commodities. There is a partial exception to this in the case of the domestic debts of countries in which inconvertible paper is made money by force of law. But such paper will liquidate neither the individual nor corporate debts of such countries which are payable abroad, nor, with rare and unimportant exceptions, will it liquidate their national debts. It is sometimes said that these debts are, in fact, discharged, not in gold and silver, but in exported products; but this in no degree affects the case, as they must be discharged in products at prices determined by the volume of gold and silver.

If the proportions of silver and gold in the money of the world be assumed to be equal, the total discarding of either metal would diminish the amount of money one-half and double the pressure of debts. It would do more than that while the process of diminution was going on, and for some time afterward. The proportions of such a calamity as that cannot be exaggerated.

The Westminister Review for January, 1876, estimated that the national debts of the world then aggregated £4,598,000,000, or \$22,204,000,000.

Our national debt is about \$2,000,000,000.

Some other public and corporate debts have been computed by careful authorities as follows:

States	\$390,000,000
Cities, towns, and counties	850,000,000
Railroads	2,459,000,000
Canals	105,000,000
Total	3,804,000,000

The figures for railroad debts are taken from Poor's Manual, 1876-'77. Of debts of manufacturing, mining, and other companies, no estimates have ever been attempted.

Of another form of permanent debt in this country, that of mortgages upon real estate, it can only be said that it is exceedingly great.

The permanent investments of the national, State, and savings banks, insurance companies, and trust companies of New York City amounted at the commencement of the present year to about \$500,000,000. These investments include \$205,000,000 in real-estate mortgages. According to the most recent returns from savings banks which are accessible, those in the six New England States, having \$438,000,000 in deposits, had invested \$228,000,000, or rather more than one-half, in real-estate mortgages; those in the State of New York, having \$316,677,000 in deposits, had invested \$116,154,000 in the same way; and of those in New Jersey, 45 per cent. of the deposits are so invested.

It may be fairly inferred from these statements that the aggregate value of real-estate mortgages held by moneyed institutions is very large. The value of those held by individuals must be still larger. The loans and discounts of the national banks October 2, 1876, were \$927,000,000. In November, 1875, the capital of State and private banks was \$209,000,000, not reckoning a large surplus, and \$487,000,000 of deposits, and the savings banks had \$884,000,000 of deposits. Nearly the whole of this vast aggregate must have been employed in loans of some kind. A considerable proportion of the farms in the West, especially in the newer States, are known to be mortgaged. Of the 630,099 traders and manufacturers on the books of the mercantile agency of Dunn, Barlow & Co., in 1876, 9,022 failed, with average liabilities of \$21,020. If that

is assumed to be the average liability of the whole 630,099, the aggregate liability would be \$13,244,000,000. Those who think that the failures should be ascribed, not to a relative deficiency of assets, but to an excess of debts above the average, will reduce this estimate. But it is also to be taken into the account that the books of this agency do not contain the names of all the persons described as traders and manufacturers, nor of a vast number not described as such that are large operators and debtors.

There are other forms of debt in this country, which consist of the rents reserved on long leases of either land and buildings, or land alone to be built upon by the lessees. The amount of this kind of indebtedness in the larger cities is enormous, and the effect upon it of a shrinking money is especially ruinous. The prostration of business, which destroys or greatly reduces the value of buildings hired for commercial or manufacturing purposes, does not affect the right of the landlord to exact in full the stipulated rent. The source from which it was expected to be paid may be dried up, but the liability to pay it remains undiminished. Indebtedness under long leases figures largely in the lists of debts scheduled in bankrupt courts, and largely also among the losses of those who have so far managed to keep out of such courts.

Poor's Manual states the share-capital of the railroads at \$2,198,000,000, and their debts at \$2,459,000,000, being a proportion of share-capital to debt of eighty-nine to one hundred. This shows a considerable excess of debt over capital stock. The financial condition of the railroads illustrates the condition of a large proportion of the corporate and individual property in the United States. The country is new and unsurpassed in natural resources, the population venturesome, ingenious, and industrious, and enterprises of all kinds, from the greatest to the smallest, are undertaken by corporations and individuals on small capital. It is considered prudent for companies or individuals to undertake operations with only means enough of their own to constitute a security for loans wherewith to complete them. This view of what is prudent may or may not be well taken, but it is natural to a young and progressive people. It has made the American economical system one vast net-work of debts and credits, and of long debts and long credits. Merchants and traders, whose bills receivable balance their bills payable, may easily make the mistake that an increase in the value of money is of little consequence, and that what is lost on one hand will be gained on the other. But this is a delusion, as they will find that, while they lose by the bankruptcy of debtors, caused by a diminishing and appreciating money, they will be obliged to pay in full the debts which they themselves owe. But these short commercial debts, where bills payable and bills receivable balance each other, do not represent in amount or character the most burdensome forms of the indebtedness of the country. Our cities are largely built up on long loans, and this is equally true of the rural regions. Men often commence to farm with little else than their hands and their courage, generally with only some inadequate accumulation for a first crop. They buy their lands principally on credit, and get the means for improvement on credit. Debt and credit run through all the ramifications of permanent investment in the United States. Even church edifices do not escape mortgages. Two years ago the Stockholder, one of the financial journals of New York, stated it to be the opinion of well-informed persons that of the lots on Manhattan Island, computed at 156,000, improved and unimproved, three-fourths were mortgaged. This may be too high an estimate, and it may be the case that property is

mortgaged to a greater extent in New York City than in other portions of the country. But there can be no doubt that on the lowest estimates the mortgage-debts of the country aggregate a vast and startling amount.

The question of preserving steadiness in the value of money, and consequently in the prices of property, and especially of guarding against a change in the direction of contracting the volume and appreciating the value of money, is, therefore, the transcendently important one in the discussion of the policy of demonetizing silver.

It is a mistake, although a very common one, to suppose that the Paris conference of 1867 recommended the demonetization of silver and the adoption of an exclusive gold standard. What it did recommend was such a unification of the gold coins of the leading commercial nations as would render them convenient for international use. The practical measure proposed was that the British pound sterling should be reduced to twenty-five francs and the American eagle to fifty francs. The demonetization of silver formed no part of the policy proposed. The only recommendation on that point was, that nations having the double standard should agree to establish such a legal relation of value between the two metals as would not practically exclude the circulation of gold. This recommendation was embodied in the following resolution:

The advantage of international use which will be acquired by coins of the metal selected as a common standard will not of itself be a sufficient guarantee for the maintenance of their circulation in each nation, but it will also be necessary to be further stipulated, by nations now having the single standard of silver and by the nations which have the double standard, that the relation of the value of the two metals shall not be so fixed as to prevent the circulation of gold.

After a long discussion, this resolution was adopted unanimously. The representatives of two nations (Prussia and the United States) declined to vote, and the latter (Mr. Ruggles) for the express reason that it recognized the continuance of the double standard, to which he was opposed.

It will thus be seen that the action of Germany in 1871 was in no respect conformable to the recommendations of the Paris conference. Germany, in demonetizing silver, did what that conference did not recommend, and in refusing to adapt its coinage to international use, did not do what that conference did recommend.

It is, therefore, not the Paris conference of 1867, but the legislation of Germany of 1873, which compels a review of the grounds upon which gold and silver have always and almost universally been regarded as equally money-metals, and a consideration of the policy and the consequences of abandoning the monetary use of one of them. No question more vitally affecting the interests and happiness of the human race has ever claimed discussion and decision. It is no such question as was supposed to exist twenty years ago, when the anticipations of the Californian and Australian yield were so exaggerated beyond the actual event as to create a belief, more or less extensive, that the stability of the standard of values required the demonetization of one of the metals. The yield of the two metals since 1848 has not, upon the whole, raised the prices of commodities much, if at all, and this yield, instead of increasing, has been for several years rather decreasing. The danger which menaces is, therefore, not a plethora, but a scarcity of money, even if both metals are retained as such. But with the demonetization of one of them we should witness a contraction and scarcity of money and fall in prices which, in magnitude and suddenness combined, has no precedent in the history of the world, and in respect to the consequences of which we have no adequate experience to guide us. The money-stocks of the world were

diminished after the overthrow of Roman civilization, but only by the slow process of current supplies falling below current consumption and loss. But the general demonetization of either metal, if carried into immediate effect, would destroy at one blow one-half the money of the world.

The demonetization of silver in a single country, or even in several countries, so long as silver retains a substantial position in the monetary circulation of the world, would produce effects short, of course, of those which would follow its universal demonetization. But to act upon the assumption that silver could maintain such a position, if the United States should finally discard it, would be taking reckless chances in a matter too momentous to be subjected to any avoidable risk.

A single standard eventually ruinous to creditors.

It is obvious that a violent contraction in the volume of money would prove disastrous to all classes of debtors, including nations. This would be its first effect, its more immediate result. But that it would eventuate in great injury and loss to the creditor classes, is not less certain. The cases are isolated and exceptional in which creditors are secured by pledges so ample as to be absolutely insured against loss even when the depreciation of prices is moderate. Their losses would become enormous in such a depreciation of prices as would result from contracting metallic money one-half. In the general wreck which would follow such a contraction, debtors and creditors would be engulfed in one common ruin.

As to many debts, specific pledges do not exist, as in the conspicuous case of national debts, swollen already to such incredible proportions and still increasing. The English, who, from their pre-eminence in accumulated capital, own so large a proportion of these debts, do not conceal their anxieties in respect of this danger.

The Westminster Review (January, 1876) holds that no rise in the prices of commodities has resulted from the increase of gold since 1848, and that the tendency in that direction has been at least neutralized by "the increase of general population and wealth, the demonetization of silver, and the establishment of gold currencies in its stead in several states." And upon the effect of further movements in the direction of demonetizing silver, it says:

One of the things involved we hold to be the probable appreciation of gold; in other words, an increase of its purchasing power; and that, consequently, unless fresh discoveries are made, prices have seen their highest for many a long day, and that debts contracted in gold will, by reason of this movement, tend to press more heavily on the borrowers, and that it will be well if this pressure do not become so intolerable as to suggest, by way of solution, something like universal repudiation.

In letters published within a few months, the president of the Liverpool (England) Chamber of Commerce says of silver demonetization:

It will practically beggar all nations that have borrowed in silver and have to pay in gold.

No doubt, if such a state of things were to happen, some countries would have to pass into liquidation and make a composition with their creditors, and ultimately matters would settle down everywhere, after excessive suffering and confusion, into a universal system of gold payments; but the necessary result would be that the metallic basis on which the business of the world was done would be immensely reduced. It would be as if the mines were shut up for several years. Instead of, say, 1,400 millions [sterling] of gold and silver to do the business of exchange, there would be 700 or 800 millions [sterling] of gold, and a limited amount of silver as small change. Money values would fall greatly; national debts, like our own, would press much more heavily, and a period of suffering and contraction of business would ensue, similar to what the United States has experienced on coming painfully back from inflated paper toward specie payments. No doubt at last the process would be accomplished, and

after a century or so the world could trade as well on gold alone as gold and silver combined. But why have the intermediate chaos if it can be avoided?

It was this same view which induced the London Economist, the special organ of British financial opinion, to advise (September 2, 1876) this country to adopt either the double standard or a single standard of silver. It then said:

The United States might take the single gold standard like ourselves, and this is what, till very lately, every English economist would have advised them to do. *The evils of this plan had not then been seen.*

And, after pointing out that in the event of the adoption of a gold standard by France and the United States, "*the money-markets of the world would be straitened,*" the Economist continued:

At the present moment America would become a silver country, and the interest and principal of her obligations would be paid in silver. The evil, of course, would not be what the momentary circumstances of the market would now suggest. Silver would not be at 52 pence per ounce if America was a country with a sole silver currency. So large a demand as her coin requirements would send up the price very rapidly—perhaps to its old amount.

It is quite apparent that the wiser creditor nations are beginning to see that they would inevitably lose more than they could possibly gain by such a contraction in the volume and consequent appreciation in the value of money as would drive their debtors to bankruptcy and ruin. They will see it more clearly hereafter if the demonetization of silver is persisted in. This country, with its vast extent of unoccupied fertile territory, its almost boundless resources, its ingenious, enterprising, industrious, and increasing population, its comparative immunity from the danger of foreign wars, its free institutions, and its stable government, would perhaps be able to sustain any burden thrown upon it by an unwise and unjust policy. But it must be remembered that these favorable conditions do not exist everywhere, and that less favored debtor nations would sink under a load which this country might be strong enough to carry.

IV.

UNDER THE ACTUAL CIRCUMSTANCES OF THE MOVEMENTS IN OTHER COUNTRIES, IN THE DIRECTION OF DEMONETIZING SILVER, IS IT PRACTICABLE FOR THE UNITED STATES TO MAINTAIN THE DOUBLE STANDARD?

It is said that the policies of other countries which we cannot control are giving to silver a tendency to such a degree of depreciation and fluctuation as would unfit it for monetary use, and that it is not in our power to resist this tendency by remonetizing silver ourselves.

The following is a statement of different nations, not including the United States, with their estimated populations, classified according to their metallic standards:

SILVER-STANDARD COUNTRIES.

	Population.
Russia	76,000,000
Austria	36,000,000
Egypt	4,500,000
Mexico	8,000,000
Central America	2,600,000
Ecuador	1,300,000
Peru	3,400,000
China	400,000,000
British India	237,144,456

768,944,456

As Russia and Austria both have legal-tender paper money, their population will be *non-effective* in relation to the matter in hand, until

they resume specie payments, or commence to hoard specie with a view to such payments. With that deduction, the population actually using the silver standard is 656,944,456.

DOUBLE-STANDARD COUNTRIES.

	Population.
Greece.....	1,400,000
Roumania.....	4,000,000
Colombia.....	2,500,000
Venezuela.....	1,600,000
Chili.....	1,900,000
Uruguay.....	400,000
Paraguay.....	1,200,000
Japan.....	33,000,000
Holland.....	3,700,000
France.....	36,200,000
Belgium.....	5,100,000
Switzerland.....	2,700,000
Italy.....	26,800,000
Spain.....	16,400,000
	137,300,000

As Italy has not only a legal-tender paper money, but substantially no metallic money in circulation, its population may be set down as *non-effective*, thus reducing the population of this group to 110,500,000. In Holland, France, Belgium, Switzerland, and Spain, containing a population of 64,100,000, the coinage of silver is either limited or entirely suspended.

GOLD-STANDARD COUNTRIES.

	Population
Great Britain.....	32,000,000
Canada, Cape of Good Hope, and Australian colonies.....	7,000,000
Germany.....	42,000,000
Norway.....	1,700,000
Sweden.....	4,300,000
Denmark.....	1,800,000
Portugal.....	4,000,000
	92,800,000

This classification excludes Brazil, the Argentine Republic, Turkey, Persia, the great bulk of Africa, and some minor countries and colonial possessions in Asia.

Brazil and the Argentine Republic have the gold standard nominally, but the actual currency is legal-tender paper. Turkey and Persia have the gold standard nominally, but not in fact, the actual currency being gold and silver coins. Within a few months Turkey has commenced the issue of legal-tender government paper.

Africa has a considerable population, but, outside of Egypt and Cape Colony, its relation to coinages or legal standards is trifling and unimportant. Both of the precious metals are recognized as money among the peoples inhabiting it, who have a special preference for the silver dollar, the coin which centuries of use have made most familiar to them.

In the non-enumerated countries of Asia silver is the metal in general use, and some of them, as Siam, Burmah, and the Dutch colony of Java, have populations which are considerable, although small in comparison with the population of India and China.

In Spain a royal decree was issued in the summer of 1876, interdicting the coinage of silver except on government account. This decree also declared it to be the intention of the government to limit the legal-tender function of silver to 150 *pesetas*, or about \$28, after it had obtained and coined a sufficient amount of gold to make it practicable to do so.

The *peseta* and franc are equivalents in value. The reason assigned for this intention was the depreciation of silver relatively to gold. The price of silver in London was at about its lowest point when this decree was issued. What influence the subsequent advance in its price in that market may have on the policy of Spain is uncertain.

In Holland silver was the sole standard until 1816. In that year the double standard was adopted with the legal relation between the metals of 15.873 to 1, which undervalued silver and practically banished it from the circulation. In 1847 silver was again adopted as the sole standard, not in consequence of the discovery of gold in California, but just before that event. The principal reason assigned by the statesmen of Holland for this change in 1847 was, that it had proved disastrous to the commercial and industrial interests of Holland to have a money system identical with that of England, whose financial revulsions, after its adoption of the gold standard, had been more frequent and more severe than in any other country, and whose injurious effects were felt in Holland scarcely less than in England. They maintained that the adoption of the silver standard would prevent England from disturbing the internal trade of Holland by draining off its money during such revulsions, and would secure immunity from evils which did not originate in and for which Holland was not responsible. In 1875 a law was passed interdicting the coinage of silver except on government account, and providing for an unrestricted gold coinage, with unlimited legal-tender functions at a legal relation between the metals of 15.604 to 1.

This law was avowedly provisional, and was to expire January 1, 1877, unless re-enacted. The executive department of that country decidedly favor the gold standard, and have proposed two laws for its establishment, both of which have failed to receive the sanction of the legislative chambers. The law first proposed restricted the coinage of silver at the Java mint as well as at the home mint, and deprived silver coin in Holland, but not in Java, of the legal-tender function, except for small payments. The law last proposed prohibited absolutely the further coinage of silver. It did not demonetize coins already minted, but authorized the finance minister, at his discretion, to purchase and withdraw them from the circulation. The American minister to the Hague, November 27, 1876, referring to this law, says:

With regard to the Dutch East Indian colonies the rule will be substantially the same, leaving it to the minister of finance to make proper arrangements with the colonial minister.

This law was agreed to in November last by the lower chamber, but was defeated in December in the upper chamber by a decisive vote; and thereupon, on the 23d of December, the ministry proposed a new law, substantially keeping in force the law of 1875, which was passed. The ultimate policy of Holland remains to be determined.

France, Belgium, Italy, Switzerland, and Greece constitute what is called the Latin Union, and are bound by treaty until 1880 to receive each other's gold and silver coins at their respective treasuries at a relation of value between the metals of $15\frac{1}{2}$ to 1. By an agreement made in January, 1874, and which still continues with modifications, France, Italy, Belgium, and Switzerland limited their silver coinage (exclusive of subsidiary coins) to the following sums for the years named, stated in francs:

1874	140,000,000
1875	150,000,000
1876	108,000,000

These were the maximum amounts of the silver coinage permitted by

the agreement for the years named respectively, but either country might decline to coin the quota assigned to it, and in fact Switzerland did so decline in 1875. In August, 1876, the President of France suspended entirely the coinage of silver, except for subsidiary purposes. This was in pursuance of a law passed August 5, 1876, authorizing him at his discretion to keep the mints of France closed against the coinage of silver until January, 1878. In December, 1876, Belgium, following the example of France, also suspended the coinage of silver.

These restrictive agreements and acts in respect to the silver coinage constitute what is known in current discussions as the "expectant attitude" of the Latin Union. They amount on the one hand, to a refusal to join Germany in a gold standard, and, on the other hand, to a prevention of such an increase of their silver coins as would augment the difficulty and loss of going to a gold standard, if they should hereafter decide upon such a policy. They will be characterized as wisely cautious, or irresolute and weak, according to the varying opinions of observers. In fact, they may be neither; but rather the only compromise which was possible of nearly equally-divided counsels.

Only a small amount of silver now remaining in Europe.

It is objected by many that the remonetization of silver in the United States would induce a further and more general demonetization of that metal in Europe, and would make this country a reservoir into which would flow a swollen stream of cheap and cheapening silver. As it is not alleged that we are exposed to a dangerous inflow of silver from any other quarter, it may be useful to inquire what quantity in coin and bars there really is in the different countries of Europe at this time, and how much of that quantity is available for sale after their demands for consumption in the arts, and to keep their stocks of subsidiary coins good against abrasion and loss, have been supplied, and how much they will need annually in the future for these last purposes.

Italy, Austria, and Russia, having an actual currency of legal-tender paper, may be left out of this account. They have no silver to dispose of.

In respect to Italy, it is stated in the report (1876) of the British silver commission:

Italy has been gradually denuded of her silver currency. Since 1865 large amounts have been exported; her forced paper currency has apparently expelled the whole of the metallic currency, of which the silver coins amounted at the beginning of 1866 to about £17,000,000.

In the tabulation in the same report of the quantities of silver thrown on the market during the four years from 1872 to 1875, both inclusive, Italy is put down as furnishing eight millions sterling, or as much as was furnished during the same time by Germany and the Scandinavian states combined. An Italian finance minister has estimated the Italian export of both the metals since 1866 at \$200,000,000.

The facts given in the report made December 20, 1876, by Mr. Compton, of the British embassy at Rome, seem to justify his statement that "*since 1866, when paper money was introduced in the place of coin, nearly £30,000,000 worth of silver has been exported.*" This is nearly twice the estimate of the British silver commission. If it is true that \$200,000,000 of both the metals have been exported since 1866, the estimate of Mr. Compton is more probably correct, as the proportion of silver to gold was always very large in the Italian circulation so long as it was metallic or convertible. Of the coins issued prior to 1862, those withdrawn

have been in the proportion of \$92,635,000 of silver to \$5,415,000 of gold. In the new coinage since 1862, and down to 1876, the silver was £17,505,481 and the gold £9,446,688. In the public treasury and in all the banks in October last Mr. Compton states the entire metallic money at only £7,000,000, divided about equally between gold and silver. It is fully shown by all these statements that within eleven years Italy has thrown an immense amount of silver, undoubtedly approximating \$150,000,000, on the markets, and that it can do nothing further in that direction.

The portentous political aspects in Europe do not justify the expectation of an early resumption of coin payments by either Russia or Austria. The paper rouble of Russia, which dates with the Empress Catherine, has had the varying fortunes of the wars and political events of a century, alternately appreciating and depreciating, occasionally subjected to the process of scaling or partial repudiation, and during one brief period, from 1839 to 1857, redeemed in coin. If the great struggle threatened with Turkey takes place, monetary reforms will yield, as always, to more urgent national necessities. Of Austria, it is said that an annual treasury deficit has been chronic since 1789, and the actual needs of military preparation and observation justify no present hope of an improved condition.

Great Britain may be left out of this account, having demonetized silver two generations ago.

Germany must be included in the account, as the demonetization of silver there is not yet an accomplished fact. The estimates of the silver still to be called in and sold by that country are widely variant.

The known facts in the case are: the total amount of silver coins which had been struck down to the date when demonetization was determined upon, the amount taken in by the Government to February 28, 1877, the amount sold by the Government to September 30, 1876, and the amount used to February 28, 1877, in the manufacture of the new subsidiary coinage. What is unknown, and in respect to which there is an extreme variance of opinion, is the proportion of the coins heretofore struck which has been lost, melted, or exported. The figures are:

Total amount of the old silver coinage.....	\$431,650,000
Withdrawn to February 28, 1877.....	182,561,217
Used in subsidiary coinage to February 28, 1877.....	97,150,635
Actually sold to September 30, 1876.....	39,847,600
Converted into bars for sale, but not sold, September 30, 1876.....	9,855,200

If the sum of ten marks, equaling about two and a half dollars per head, which in the provisional per-capita limit of the subsidiary coinage, be made permanent, there will be needed to carry the coinage up to that limit, about \$8,000,000. If the limit be increased to fifteen marks, about \$60,000,000 instead of \$8,000,000 will be required.

The exports of silver from Germany to England were much greater in the latter than in the earlier part of 1876. During January and February of this year they were £1,317,880 or \$6,391,718. During the same months of last year they were only £196,738 or \$954,180. Upon the whole, it may be concluded that nearly the entire difference, which is \$85,410,582, between the amount withdrawn and the amount used in subsidiary coinage to the end of February, 1877, has been sold.

Of the old silver coinage, \$50,000,000 were in florins or gulden currency, all issued since 1837. The remainder consisted of the thaler coinages, some of them dating back to 1750. The gulden currency has been demonetized, and only 68 per cent. of it was presented within the time limited for redemption. It is argued that the proportion of loss must be

much greater in the thaler coinages which have been subjected so much longer to the various causes of loss. The probable proportion of the loss of those coinages is fixed by some authorities as high as three-fifths, but against this view it is urged that the gulden currency was better adapted to export and better adapted to melting down, because containing more gold. The controversy will be settled when the coinage is all called in, and not before. The British silver commission, after groping about as best they could where so much was uncertain and obscure, concluded that the German Government might, at the date of their report, July 5, 1876, still have had from \$40,000,000 to \$100,000,000 of silver to sell. The later evidence seems to point rather towards the higher than the lower estimate. The computation of the British commission included only the sales of \$30,000,000 then reported and known. The sales to this time amount probably to \$85,000,000, but the excess of such sales above \$30,000,000 is certainly more than \$40,000,000, the minimum estimate of the amount remaining at the date of the British report. Since November last, all the old silver coins have been demonetized, except the thaler piece and the sixth of a thaler piece, but the current reports are that the amount of the outstanding thaler pieces is still considerable.

The result will be largely affected by the conclusion finally reached as to the amount required for subsidiary coinage. The executive government has proposed to enlarge it one-half, or to fifteen marks per capita, but the proposition lies over for the present, some legislative opposition having manifested itself. If carried, the enlargement will require about \$52,000,000 in silver.

The London Economist of February 3, 1877, states that the German coinage programme for the present year is to complete the subsidiary coinage up to the present legal limit, which will call for \$8,000,000 in silver, and to coin 40,000 pounds in weight of gold (about \$12,125,000) for the account of the government. The mints are always open, of course, for such gold coinage as individuals may require. If this is really the present programme of the German authorities, it implies either that they are not inclined to press the withdrawal of silver to an immediate conclusion, or that the quantity still to be withdrawn is not large.

In the appendix (page 1) to the report of the British commission is a careful estimate, which puts the amount of subsidiary silver in Great Britain, December 1, 1872, at £19,536,000. Taking the population of Great Britain at thirty-two millions, and the English shilling as the equivalent of the German mark, it would be about twelve marks per capita of the population.

The British commission say:

It seems certain that more subsidiary coinage will be used in Germany than in England, owing to the smaller use of checks, and to the habit of daily payment for all family expenses, in the place of the English system of weekly or monthly bills.

It seems probable, therefore, that the increase of the German subsidiary coinage of fifteen marks per capita will finally be carried, and that even a greater increase may be found necessary.

The subsidiary coinage of France is limited to six francs, or about four and a half marks, per capita of the population. A much greater amount per capita would doubtless be required were it not for the fact that the necessity for it is lessened by the existence of the full-tender silver five-franc pieces, just as it is lessened in this country by the one and two dollar legal-tender and bank notes. But if the full-tender five-franc pieces were called in, as they would be should silver be demonetized,

France would require at least as much subsidiary coin, per capita of the population, as Germany.

In the event of a remonetization of silver in the United States, and of its general demonetization in Europe, this country could not be flooded with silver from Italy, Austria, or Russia, which have none to dispose of, nor from Great Britain, which has none except what is fixed in subsidiary coins, nor from Germany beyond the small amount not yet withdrawn from its circulation. It is France which has nearly all the silver which is left in Europe, liable to be thrown on the markets of the world. The amount of this French stock, disposable in the event of demonetization, is as variously estimated as the amount of the German stock. The total number of five-franc pieces coined, from the commencement of the coinage in 1795 to its suspension in 1876, was 1,008,159,949, amounting in value to \$947,500,000. The five-franc piece is the only full-tender silver coin in circulation in France. The silver coins under that denomination are below the French standard of fineness, and are tenders for only small sums. The British silver commission print a paper, stated by the chairman to have been furnished by "a high authority in France," whose name, however, is not given, in which the amount of full legal-tender silver in France is estimated at 2,200,000,000 francs, or \$413,500,000. The bases of this estimate are, that in 1868 the authorities generally concurred in estimating it at 1,500,000,000 francs, to which had been added 500,000,000 by subsequent coinage at the French mint, and 200,000,000 by the importation of the five-franc pieces of the other states of the Latin Union. Between 1857 and 1868 there was no silver coined at the French mints, except debased pieces for subsidiary purposes.

M. Cernuschi gives it as the general judgment of French authorities that the total metallic money of France, gold and silver, is \$1,000,000,000. The proportion of gold to silver in the reserves of the Bank of France is as five to two, but may be less outside of that institution.

Paul Leroy Beaulieu (*Journal des Débats*, March 3, 1876) estimates the whole quantity of silver remaining at only 1,200,000,000 francs, one-half of which is in the Bank of France. Victor Bonnet makes estimates equally low. Ernest Seyd combats these estimates as being too low, and as being made by advocates of the gold standard for the purpose of underrating the difficulties of demonetizing silver, but he does not himself reckon the quantity at above £70,000,000 sterling, or \$350,000,000.

The proportion of silver in the total amount of specie paid to and deposited in the Bank of France is diminishing. This fact is considered by French authorities as indicating that there is no plethora or excess of silver in the circulation.

Upon the whole, we may take \$413,500,000 as a maximum estimate of the full-tender silver in France. It is probably less. Whatever the amount may be, 400,000,000 francs, or \$75,000,000 would be absorbed in the event of the demonetization of silver in such an addition to the subsidiary coinage as would carry it up to twenty francs per capita, or about the equivalent of fifteen marks per capita in Germany.

In respect to the Scandinavian states, our minister to Denmark (letter of November 8, 1876, to Secretary Fish) says the demonetization of silver was completed October 1, 1876, and that the old silver coins had then entirely disappeared. The same thing is doubtless true of Norway and Sweden, as those countries conducted their movement toward a gold standard in concert with Denmark, and pursuant to treaty arrangements. In respect of Denmark, full accounts have been published of

the silver withdrawn, of the amount sold, and of the amount reminted in subsidiary coins. These accounts are as follows:

Withdrawn.....	\$11,397,500
Sold.....	6,882,150
Reminted.....	4,515,350

The annual consumption of silver in Europe would not be much diminished by its universal demonetization there. Its consumption in plate and in the arts would not be affected at all. Its consumption by the loss and abrasion of coins would be nearly if not quite as great as ever. Silver would still be the material of the coins used in retail transactions and by the masses of the people, and it is in coins so used that loss and abrasion chiefly occur. There would be less silver in the reserves of banks and public treasuries, but in such reserves loss and abrasion of coins do not occur.

The returns of British imports and exports of silver for eight years ending with 1875, show an average annual excess of imports of £1,147,500, or \$5,837,500. The British commission set down £400,000 to account of waste and loss of coins, £350,000 to the account of plate, and £250,000 to the account of consumption in the arts. The consumption per capita on the continent of Europe would be less in the arts, but probably more in plate, than in Great Britain. The British commission say that the use of plate is mainly confined to the "higher classes" in England, whereas in France and Germany the "lower classes" and "peasantry" indulge in it in minor forms.

The Paris correspondent of the London Economist (December 16, 1876) says of the consumption of silver in that city, that "the demands are solely for manufacturing purposes, for which a value of a million of francs (\$200,000) is required weekly." Paris, undoubtedly, manufactures for other consumers than the French, but the annual consumption of silver of the value of \$10,000,000 for manufacturing purposes in that single city is, in any aspect, a noteworthy fact. The consumption in the coinage on the continent of Europe through abrasion and loss could be immense if it were not for the expulsion of the metals by paper in several large countries, but, even under existing circumstances, must be several times larger than it is in Great Britain.

The substitution of gold for silver in Europe has been in progress ever since the discovery of gold in California, and consequently the amount of silver remaining even in the specie-paying countries of Europe cannot be formidable. The only thing which could occur hereafter to disturb materially the relation of the two metals would be the resumption of specie payments by Italy, Austria, and Russia. How the relation would be affected depends upon the metallic standards which those nations might select hereafter. If they should resume upon their present metallic standards, resumption in Italy, which is a double-standard country, would simply tend to restore the old relation of 15½ to 1, while resumption in Russia and Austria, which are silver-standard countries, would not only carry silver up to an equivalency of 15½ to 1, but might carry it still higher. If all these countries should resume or seriously attempt to resume specie payments, and on a gold standard, it would enormously increase the demand for and relative value of gold; but such a resumption in those countries is impossible, and any attempt in that direction improbable. Their resumption on any metallic standard, within any near period, is wholly improbable.

If silver were remonetized in the United States, the amount which would be absorbed here, in the event of the resumption of specie payments, would exceed any visible supply which Europe has to dispose of,

and would restore the relative value of silver to what it was before the recent movement of Germany. And in all contingencies, the permanent value of silver rests securely upon the magnitude of the silver stock, upon its diffusion over so large a part of the globe, and upon the silver-absorbing power of the world, and especially of Asia, whose vast populations, whatever may be done with silver elsewhere, must continue to use it as their money for an indefinite period. The exchangeable values of gold and silver, respectively, whether as commodities or money, depend upon the demand and the supply, and the demand depends upon the numbers and wealth of those who make the demand, and not upon their intelligence, civilization, or refinement.

Magnitude of the Asiatic demand for silver.

It will certainly meet all the requirements of the discussion to consider the question of remonetizing silver in the United States upon the assumption that silver will continue to be used as money in most of the regions of the world where it is now so used, and especially in Asia. This is the assumption, in fact, of European advocates of the gold standard, and they insist upon it as the adequate answer to those who point out the disaster and ruin that would follow a universal demonetization of silver.

Humboldt estimates that at the beginning of this century the production of the precious metals in America, principally silver, was \$43,000,000, \$25,000,000 of which went to Asia in the course of trade, and never to return.

Asia has been known in all historical times as the sink of silver.

In the twenty-six years from 1851 to 1876, both inclusive, the specie exports to Egypt and the East were—

	Silver.	Gold.
From Great Britain.....	\$741,886,000	\$135,483,885
From French ports.....	294,671,450	181,579,150
Total.....	1,036,557,450	316,963,035

This is an annual average of \$39,867,594 of silver and \$12,190,886 of gold. (See Quetteville's circular.)

British India alone, in the forty years ending with 1875, had an excess of silver imports over exports of £198,464,000, or nearly \$1,000,000,000, and during the same period an excess of gold imports of \$500,000,000.

In the same forty years the silver coinage of India was £210,660,975.

Of this amount there were £21,000,000 of old coins reminted, which being deducted from the total of the coinage would leave £189,060,975, or nearly \$900,000,000, as the addition made in those years to the previously existing money-stock of India.

The testimony is clear that the India demand for silver generally, and for silver coins in particular, is as unsatisfied and exigent as ever. If India was over-supplied with silver, the prices of commodities would be abnormally high, whereas the reverse is the fact. The effectiveness and urgency of the demand in any country for money are measured by the general scale of prices at which its commodities are offered to the world. Tried by this test, the India demand for silver, which is the money of India, was never greater. The governor and council of India, in a minute, published last summer, of their reasons for keeping the mints open for silver, say:

First, gold has risen in value since March, 1873, and especially since last December. Second, it is not shown that silver has fallen in value, i. e., as compared with commodities in general, either in London or in India, during the same period.

The London Economist (October 28, 1876) says of this paper :

As a whole, both in its conclusions and reasonings, the "minute" is most admirable.

The council of India kept well on the safe side in saying that silver had not fallen in value in India since 1873, or, in other words, that the prices of India products had not risen. Most of the authorities concur that silver has risen in India rather than fallen since that time. A New York writer, J. S. Moore, who has special facilities for information on this subject, says (New York Evening Post, October 24, 1876) that "Indian products are, at present, at their lowest ebb, as compared during fifteen years." At the annual meeting in September last of the shareholders of the Oriental Bank of London, which has extensive and intimate connections with the India trade, the president said that with few exceptions, India produce was so low that even the general war supposed to be menacing Europe could not make things worse. To the same effect was the testimony last summer before the British commission, and it is not weakened by the fact, which the commission say is borne out by the testimony, that the imports as well as the exports of India are on a low range of prices. Both facts prove the same thing, that silver is not in excess, but scarce and deficient, in India.

The demand in India for coined money, on any scale, is of very modern origin, not antedating the present century, and has become important even more recently than that. The old native practice was to pay land-rents in the products of the land, and nearly all transactions even fifty years ago were by barter. W. Nassau Lee, one of the best informed and most intelligent writers on Indian topics, in a work entitled "Drain of Silver to the East," dated at Calcutta in 1863, but printed in London, states that the use of coined money was still not common outside of the cities, and that the general use of it would require an additional amount of £400,000,000, \$2,000,000,000. This estimate was on the basis of an assumed population of 180,000,000 (now known to be 237,000,000), and on an amount per capita equal to what is employed in Great Britain, although in Mr. Lee's opinion India required more, because making less use of credits and representative money. Colonel Hyde, who was for fourteen years director of the Calcutta mint, testified before the British commission to the same general facts which are given in Mr. Lee's work, and gave it as his opinion that "*its (India's) capacity for absorbing silver remains great.*" Another witness, McKenzie, who had been a merchant, indigo manufacturer, and railway manager in India, testified that the circulation in many parts of that country was "*totally inadequate.*"

There have been, of course, fluctuations in the balances of India trade within the last forty years. The silver imports, from 1871 to 1875, were on a lower average than during the last forty years, and on a much lower average than during the American civil war, when India largely supplied the world with cotton. There were equal and even greater fluctuations prior to the last forty years. In one year, 1832-'33, according to Mr. Lee, "the flood of silver to India almost dried up." But notwithstanding temporary fluctuations, the great fact that India is a sink of silver is as true to-day as it has been from the earliest period of history.

That it will continue to draw silver from the rest of the world rests upon the permanent conditions that it has no silver mines, while it abounds in commodities which command the precious metals, and has a vast population, industrious and rich, whose demand for silver for use as money is constantly increasing, and whose passion for both silver and gold, for decoration, ornamentation, and personal adornment is proverbially universal.

The following is a statement of the foreign commerce of India for the thirty-six years, from 1835 to 1871:

Exports of merchandise	£1, 012, 000, 000
Exports of gold and silver.....	37, 000, 000
Imports of merchandise.....	583, 000, 000
Imports of gold and silver	312, 000, 000

The British commission discussed at length this India problem, relating as it does to the greatest of the British dependencies, and arrived at the conclusion that "as India has been a great consumer of silver in the past, so it will continue to be in the future."

In respect to China, with its teeming population, no circumstance is suggested likely to diminish its demand for silver, which is its principal money, current by weight. That empire is now proposing, for the first time in its history, to establish a mint for the coinage of silver. Such a coinage would have an immense influence in extending the monetary use of silver in that country. It would cause the same substitution of cash for barter which followed the establishment of a mint in India, and, in addition, would replace with small silver coins the cumbersome coins of base metal now employed. The American minister to China, writing from Peking, August 9, 1876, says the prospect of the establishment of a mint is "excellent."

Current facts show how groundless was the apprehension, which was so large an element in producing the late silver panic, that the East would cease to absorb silver. The flood of that metal to the Orient has already set in again with redoubled force. The London Economist gives the following as the silver exports from England for the years 1875 and 1876, respectively:

	1875.	1876.
To British India.....	£3, 231, 266	£8, 229, 124
To China.....	863, 131	1, 249, 729

Rating the pound at \$4.85, this was an aggregate export in 1876 to India and China of \$45,975,438. In three only of the last twenty-six years has it been greater. The average of the last twenty-six years was \$28,748,077. In 1876 it was, therefore, \$17,000,000 in excess of this average, and the prices of India products are still abnormally depressed, which is another mode of saying that the India demand for silver is still unusually great.

But the figures thus commented upon do not give the whole case, and especially in respect to China, inasmuch as, by a recent change in the course of trade, much larger amounts than formerly are being sent to the East from San Francisco, and a good deal of it on London orders and account. The amount sent during the year 1876 was \$9,119,031.

During January and February of the present year, the silver export from San Francisco to China and Japan has been \$2,625,681, and the British silver export to China and India has been £2,119,025, or upward of \$10,000,000. This is more than three times what it was in the corresponding months of 1876.

We have in the operations of the Vienna mint another illustration, and on a considerable scale, of the sure tendency of the East to absorb silver when it falls in its gold price at the West. It has long been the practice of that mint to strike a particular coin, the Maria Theresa thaler, for exportation to the East, and especially to Egypt, where it has been for many years a familiar and favorite species of money. The amount of

this coinage, rating two Austrian florins as equal to one dollar, has been as follows:

1869	\$16,838
1870	97,737
1871	11,471
1872	166,923
1873	363,791
1874	2,609,006
1875	3,485,760
1876	5,319,792

As silver fell relatively to gold, the Austrian export of silver to the East, in the accustomed form of the Maria Theresa thaler, increased.

There is one feature of the India trade which seems to have escaped altogether the attention of the British commission, although it has a direct bearing upon the power of the East in general, and of India in particular, to steady the relative value of the metals. Of the \$1,500,000,000 absorbed by India in the forty years ending with 1875, one-third was gold. Gold is not demanded there for use as money, but as a luxury, and when it rises in value India will export it or import it in less measure, which is the same thing in its effect, upon the relative value of the two metals.

Comparing the first eleven months of 1876 with the same months of 1875, we find the excess of gold imports into England from India and China, respectively, over exports from England to these countries, to have been as follows :

	1875.	1876.
From India	£4,717	£1,126,448
From China	278,508	757,958

It is thus that the East will restore and steady the relation of the metals, not merely by taking silver, but by giving up gold, or by taking it in less quantities.

In this way India may, to some extent, obtain the silver it needs, notwithstanding that the amount it has to pay annually in London as interest on debts has become so much greater than formerly. In whatever proportion it gives up the purchase of gold, or sells the gold it has in its possession, it will find a new resource for acquiring silver. Gold will be sure to be given up as the necessity for money (silver) becomes urgent.

Proportion of gold in the world's metallic supply greatly increased since 1848.

Since the voyages of Columbus, the two forces which, acting against each other, have controlled the value of the precious metals, both in their relation to commodities and in their relation to each other, have been the supplies from the new world and the demand for them of that preponderant mass of the human race inhabiting Eastern Asia. So far as the relative value of the two metals is concerned, these opposing forces came to an equipoise about the middle of the seventeenth century, which has been substantially maintained for more than two centuries, and down to the erratic movement of the last two years.

In respect to the supplies of the precious metals since the discovery of America, that of silver, from its bulk and weight and the methods of its production, is the more easily ascertained. Statisticians have always assumed that they had tolerably accurate accounts and estimates of the silver production of Spanish America, which has furnished the greater part of the world's supply of silver since 1492. The production of gold is not so easily ascertained; but so large a proportion of what has been found within this century has come from the highly civilized communities of California and Australia, where records are kept of coinages and of exports of coined and uncoined treasure, that estimates of totals may

be fairly reliable, although embracing some productions not likely to be accurately reported.

Distinguishing the periods prior and subsequent to the California discovery, we have the following estimates:

Supplies from 1492 to 1848.

	Gold.	Silver.
From America	\$1, 998, 000, 000	\$5, 261, 000, 000
From elsewhere.....	628, 000, 000	441, 000, 000
Total.....	2, 626, 000, 000	5, 705, 000, 000

Supplies from 1849 to 1876, both inclusive.

Gold.....	\$3, 215, 000, 000
Silver	1, 367, 000, 000

The estimate from 1492 to 1848 is that of Chevalier, which Soetbeer adopts.

The estimate from 1849 to 1876 is based, as to most of the years, upon the figures of Sir Hector Hay. The estimate of the London Economist is rather less. That of Soetbeer is about the same. But the differences in the commonly-accepted estimates are not important.

When we pass from the question of current supplies to the other questions of the stocks on hand, of the location of stocks as between the East and West, and of the proportions of gold and silver at various dates, we are confronted by doubts and difficulties at every point.

If the amount of gold and silver produced since 1492 were accurately ascertained and agreed on, it would still be important to the discussion to know the amount then in existence. We only know in respect to Europe that the great abundance of the precious metals at the time of the Roman Empire was succeeded by the extreme scarcity of the Middle Ages; and of the East we know comparatively nothing. The few oriental travelers prior to the discovery of America gave glowing and possibly exaggerated accounts of the great wealth of the East in gold, silver, and jewels, but they furnish no reliable data upon which to base estimates. Even if the exact amount of the precious metals existing in 1492 and the amount that has been produced since were known, the amount consumed since in the arts and by abrasion and loss would still be indeterminate, and the proportionate amounts of gold and silver respectively in the stock would remain uncertain. Even if the relative production of gold and silver in past periods were known, their relative amounts in existing stocks could not be assumed to be the same, as the proportionate amount of each lost and consumed in various ways may have been essentially different.

It is agreed that the proportion of gold in the stock of the precious metals has immensely increased since 1849.

Before that year it was ordinarily estimated that silver was in excess in the world's stock in the proportion of three to one, and in the stock of the Western World (meaning by that, Europe, America, and the civilized portions of Africa) in the proportion of two to one. All authorities agree that in the stocks of the Western World the proportions are reversed, and that gold is now in excess. In 1866 Chevalier fixed the proportion in the Western World at 44 of gold to 30 of silver. Xeller fixed it at the same time at 37 to 28. The proportion of gold has increased since then.

At any rate, there has been since 1848 a complete reversal of the old proportions of gold and silver in the supplies and a very large change of proportions in the stock of the precious metals, and, notwithstanding these facts, the relative value of the two metals remained substantially steady until within two years.

Deficiency of the silver production since 1848 made up so far from the silver stock held in Europe in 1848.

The relative deficiency in the production of silver since 1849 has been made up, so far, by the quantities released from the circulations of Europe and the United States, and the relative excess in the production of gold since 1849 has been absorbed into the circulations of Europe and America. If this releasing of silver from, and absorbing of gold into, the circulations of Europe and the United States could go on indefinitely, the time would never come when the Asiatic demand would raise the price of silver. But Europe and the United States can release silver only so long as they have any to release, and this process must end when the substitution of gold for the silver in their circulations is completed.

In France, the metallic circulation has always been large, and consisted almost entirely of silver when the California and Australian gold-fields were discovered. After those discoveries silver was exchanged for gold until the major part of the French circulation became gold, and is so now. From 1856 to 1867 not a single full-tender silver coin was minted in France, although its mint was open to anybody that had silver bullion. Jevons estimates that, down to 1859, \$500,000,000 of the Australian and California gold had been absorbed in the French circulation, and a nearly corresponding amount of silver displaced and made disposable for the markets of the world. Mint returns would justify a higher estimate. During the seventeen years of the reign of Louis Philippe, ending with the date of the California discovery, the total French gold coinage was £8,600,000, making an annual average coinage of £500,000. From 1850 to 1858, both inclusive, the total French gold coinage was £129,587,735, making an annual average of £14,343,082. The increase in the coinage during these nine years over and above the total coinage during the preceding seventeen years was £120,987,735. The total French gold coinage from 1848 to 1871, both inclusive, was £259,801,000, or \$1,261,000,000, rating the pound at \$4.85.

Professor Hansen, of the Berlin University, said in 1868:

Europe, or rather the whole civilized world, is indebted to French law for its escape from the perturbations in the relative prices of gold and silver, threatened by the enormous arrivals from Australia and California.

The exchange of silver for gold in the circulation of various countries in Europe has been steadily progressing ever since "*the enormous arrivals from California and Australia*" made gold the most available metal. There has been in addition a displacement of silver without a substitution of gold, by the suspension of specie payments in Russia (1857), Austria (1868), and Italy (1866), the two first being silver-standard countries, and the last being a double-standard country. The exchange of silver for gold under the operation of the double standard was easy and natural. It was injurious to no interest and did not affect the relative value of the precious metals, until the German law of 1873 demonetizing silver came into practical effect. Even that law could not have affected the relative value of the metals if other nations in Europe had not restricted and suspended the coinage of silver. The Latin Union agreed upon a restriction in January, 1874, before the relative value of the metals was affected at all, and nobody can doubt that France alone, which had absorbed in nine years after the California discovery five or six hundred million dollars in gold, could have absorbed the one hundred millions of silver, which Germany has occupied four years in selling, without a disturbance of the relative value of the metals. But in any event, whether the displacements of silver from the European

circulation have arisen from substitution of gold, suspensions of specie payments, demonetization of silver, or closure of mints against its coinage, the process must come to an end when all the silver which can possibly be spared consistently with the requirements of a subsidiary coinage is disposed of. This end is practically reached already if France adheres to the double standard, and is not very far off if France demonetizes silver, as it has no such quantity of that metal as it had in 1849.

If the exchange of silver for gold shall still continue in Europe, it will be no new force acting on the market, but a force which has been acting without interruption since the California and Australian discoveries. It can only continue until the present very much reduced stock of European silver which is disposable shall be exhausted. It is a force which has no novel or undefinable terrors. We know its exact gauge and measure by an experience of nearly thirty years. The utmost it has been able to effect, leaving out of view the recent short period of panic in the silver-market, has been to preserve substantially undisturbed the same relative values of the metals that have existed for about two centuries.

In 1849, nearly the entire mass of the metallic money of the continent of Europe consisted of silver, the gold standard being confined to Portugal and to the island of Great Britain. Holland and Russia were single silver-standard countries. The double standard existed legally elsewhere, but the quantity of gold in circulation was very small. If the Asiatic demand for silver had not existed, the new gold received after 1849 would have been simply an addition to the general mass of metallic money in Europe, and could not have affected the relative value of gold and silver, as both were concurrent in the circulation. But by reason of the Asiatic demand for silver, that metal was withdrawn from the European circulation, and its place supplied by gold. This withdrawal of silver diminished, of course, the aggregate volume of the two metals in Europe. The law of the double standard made the entire operation easy and automatic. As the laws invested silver and gold equally with the monetary function at a stated equivalency, it was of no consequence which metal was retained and which displaced. The absorption of gold by Europe tended to check a depreciation in its relative value from excessive production. The exportation to Asia of the surplus current supply of silver and the displaced stocks of Europe tended to check a rise in the value of silver in Asia. No interest was injured. On the contrary, the interests of both Europe and Asia were conserved.

It is plain that within the past thirty years the Asiatic demand and the demand of the arts and the abrasion and loss of coin have absorbed not only all the current supplies of silver, but also the larger part of the stock of that metal existing in Europe in 1849. These absorbing and consuming forces still continue undiminished. There can be no reasonable doubt, the European stock now being nearly exhausted, that these forces unaided will be powerful enough in the near future to overcome the effects of the German demonetization of silver and neutralize the effects of the general closure of the mints against it, and to restore the relation of value between the metals which has existed during the greater part of this century.

There are no large stocks of silver in coins and bars anywhere outside of what is in actual and active circulation. In the great banks of the world, except in the Bank of France, there is but very little, and in that institution there is only about two-fifths as much as of gold. In this country, the whole amount outside of plate and the subsidiary coinage is estimated by the Director of the Mint not to exceed \$3,000,000.

There is but little in London, and none at all in Paris, except in coins. The London Economist (December 9, 1876) says the stock there has run down, because "all dealers are fearful of keeping any amount on hand"; and the Paris correspondent of the same journal, writing two days before, says:

Bar-silver is in demand, but *there is none in Paris*. Dealers sell at equal to 56½ per ounce for English standard silver, but orders have to be executed in London.

The fact that has needed all the silver liberated in Europe, by demonetization and suspension of specie payments, in addition to the annual supply, to prevent a rise in its value relatively to gold, is explained and confirmed by such approximate estimates as can be made of the annual absorption of silver in plate and in the arts and by the abrasion and loss of coin.

Estimates of consumption of silver in the arts, and by the abrasion and loss of coins.

In the eight years ending with 1875 the imports of silver into Great Britain exceeded the exports by \$44,379,500, making an annual average excess of imports of \$5,547,437. The British silver commission assume that this sum of \$5,547,437 represents the annual silver consumption of Great Britain, but they overlook the fact that there should be added to this excess of imports over exports the amount of silver taken from its own mines, and also the much larger and very considerable amount extracted in England annually from imported argentiferous ores and lead. Sir Hector Hay, in his testimony before the British commission, estimates the value of this last amount at £1,000,000, or \$5,000,000; but it is only recently, and in consequence of improved methods of extracting silver from lead, that it can have reached so large a figure. In 1865 it was estimated at less than one-fifth as much. Ernest Seyd, quoting R. Hunt's Mineral Statistics, estimates the annual production of the British silver mines at £140,000 to £160,000, or from \$700,000 to \$800,000, and says that the annual aggregate of this production, together with that of the British metal refineries, is not less than £1,000,000.

Assuming that they had only \$5,547,437 to account for, the British commission set down two-fifths of it to the account of keeping up the silver coinage and three-fifths of it to the account of use in plate and the arts. If this last estimate is not too low, Jacob's estimate, made in 1831, or nearly fifty years ago, that Great Britain used in plate and the arts £820,521, or \$4,000,000, must have been too high. But if the annual silver consumption of Great Britain is really no more than \$5,547,437, Germany, France, and the United States, with a population three and three-fourths times greater than that of Great Britain, must, at the same rate, consume \$20,802,889.

To assume the same ratio of consumption in France, Germany, and the United States as in Great Britain is far inside of the probabilities. So far as waste in the coinage is concerned, it is very much larger at the present time, because they use a very much greater quantity of silver coin. The United States use less, but France uses four times as much, and Germany uses more, and will do so until its silver demonetization is completed.

As to the future, making the suppositions most unfavorable to silver, that France abandons the double standard, that the United States do not restore it, and that Germany perseveres in its gold policy, all those countries must have as large a subsidiary silver coinage per capita as Great Britain. As to use in plate and the arts, the evidence is that

Germany and France use at least as much per capita as Great Britain. In this country, where the ability to indulge in luxuries is vastly more diffused and general, this use is unquestionably greater.

Upon the whole, if the United States do not restore the double standard, and should France abandon it, those two countries, together with Great Britain and Germany, would still consume annually in manufactures and the abrasion and loss of coin at least \$30,000,000 worth of silver. At the present time they use up more than that, as France has now not only the double standard legally, but has actually in circulation a large amount of silver, approximately \$300,000,000, beyond what a merely subsidiary coinage would require.

The silver used by the Paris manufacturers is estimated at 1,000,000 francs per week, or \$10,000,000 per annum. A part of this manufacture is undoubtedly not consumed in France, but exported or sold to the wealthy foreigners with whom Paris is always thronged. It is not possible to explain the excess of French imports of silver over exports, except by assuming a large French manufacture of silver. This excess for the eight years ending with 1875 was \$262,415,000, of which only \$140,000,000 is accounted for as being either in coins or as having been sent to the mints to be coined, and \$80,000,000 as consumed by the Paris manufacturers. The remainder, being \$42,415,000, or \$5,301,375 annually, may be accounted for as used by French manufacturers outside of Paris, or by supposing that there may be inaccuracies in the custom house returns.

In the first eleven months of 1876, the excess of French silver imports over exports was \$24,590,259, of which \$9,717,080 was minted, leaving \$14,873,179 unaccounted for.

Taking the estimates of the Commissioner of Mining and of the Director of the Mint, the total silver production of the United States in seventeen years, from 1860 to 1876, both inclusive, was \$289,854,527.

During the same period the exports and imports of silver were as follows:

<i>Exports.</i>	
Domestic coins	\$36,693,840
Domestic bullion.....	189,209,927
Foreign coins	83,535,207
Foreign bullion.....	921,552
	310,360,526
<i>Imports.</i>	
Coins.....	\$99,382,668
Bullion	6,894,088
	106,276,756

This leaves a net export of \$204,083,770, which being deducted from the amount produced, would leave as still remaining in the country \$85,770,757.

During this period the consumption of silver through the abrasion and loss of coin was trifling, as no coin of any description was in circulation except for a short time during that period, it having been expelled by legal-tender paper. The consumption, therefore, must have been in plate and in the arts, and the data for computing it are—

First. The excess, \$85,770,757, of the production above the net export.

Second. The diminution in the stock of silver coins and bullion between 1860 and 1876. The stock now, outside of \$30,000,000 in subsidiary coinage, is estimated by the Director of the Mint at \$3,000,000. To January 1, 1860, there had been minted \$41,487,207 of underweighted

silver coins, under the act of February 21, 1853, designed exclusively for domestic use. The mint value of this coinage being above its bullion value, it could not be exported profitably, and consequently all or nearly all of it continued in domestic use until specie payments were suspended in 1862. There was also, in 1860, a considerable quantity of full-tender American silver coin in use, and a still larger quantity of foreign silver coin, especially Mexican dollars and French five-franc pieces.

Third. The quantity of the foreign silver coin, not entered at the custom-houses, brought in by the 4,508,852 immigrants that arrived in this country during the seventeen years referred to.

The New York Commissioners of Emigration (December 15, 1854) say :

German immigrants have, for the past three years, as estimated by the best German authorities, brought into the country annually about \$11,000,000. The amount of money thus brought into the country is incalculable.

In 1856, these commissioners questioned all the immigrants, and found that, according to the answers, the actual cash brought into the United States by them averaged \$68.08 per capita of the 142,342 arriving in that year.

Superintendent Kennedy's report (January, 1858) says :

While the table of 1856 presents the average amount of cash means at \$68.08 per head, subsequent information showed that, had full admission been made of the funds in possession, the average would have been at least double the amount reported.

It cannot be known in what proportions this cash, amounting to more than \$300,000,000, brought in by immigrants in these seventeen years, consisted of bankers' drafts, gold, or silver. Gold is easier to carry, but, on the other hand, the German immigration bringing in the most money was from a country having for the greater part of the time no gold currency.

A review of all the facts of the case seems to justify a conjecture, if not an opinion, that the consumption of silver in the United States, in plate and in the arts, during these seventeen years, averaged annually \$10,000,000.

The populations of Europe (exclusive of France, Great Britain, and Germany), of America (exclusive of the United States), of Africa, and of Australia are as follows, respectively :

Europe	192,000,000
America	46,000,000
Africa	203,000,000
Australia	4,500,000
Total	445,500,000

Throwing out of this account altogether the barbarous portion amounting to 160,500,000 of the African population, it may be assumed that the remaining 285,000,000 consume per capita two-fifths as much silver as the people of Great Britain, or \$19,762,732 annually. A small group of countries (Holland, Belgium, the English colonies, Switzerland, and the Scandinavian states), with a population of 26,500,000, consume quite as much per capita as Great Britain. Austria, Italy, and Russia in Europe, with a population of 132,000,000, have substantially expelled silver by paper, and use very little in coinages, but their wealth and habits make them large consumers in other forms. Northern Africa uses silver largely in both forms, and so does Spain.

If the annual silver production of the world does not go above its present figure of \$74,000,000, and if the annual consumption outside of Asia continues at \$50,000,000, the total inadequacy of the remaining \$24,000,000 to supply the Asiatic demand is apparent. It is certain that

British India alone, containing only one-fourth of the population of Asia, consumed that quantity annually on the average of the forty years ending with 1875. Schem's Statistics gives 798,000,000 as the total population of Asia. This estimate includes 182,000,000 outside of India and China. Undoubtedly, the consumption of silver in India is above the average of Asiatic consumption, but it is everywhere considerable, and in China is constantly increasing, and in probable contingencies may increase very largely. During the last year (1876) India and China took \$55,000,000 from England and San Francisco.

Even if the future European demand for silver shall be less than what it was before 1849, it is never to be forgotten that the silver production, which is now less than that of gold, had been, from the discovery of America to 1849, two or three times greater, and that it was upon this anterior proportion of production that the relative value of the metals had adjusted itself, and had been substantially steady for two centuries prior to the discovery of the great gold fields of California and Australia.

Recent fluctuations in relative value of gold and silver.

As this branch of the investigation appertains especially to the probabilities of future steadiness in the value of silver, a *resumé* of the facts connected with the recent panicky changes in the relative value of gold and silver would seem to be necessary, in order to form a correct judgment as to whether there is any cause to apprehend their recurrence in the future. On the one hand it may be said that the possibility of such changes, proved by the actual fact of silver having been sold in London at $46\frac{3}{4}$ pence in gold per ounce, is sufficient to impair confidence in its future steadiness. On the other hand it may be said that the divergence in the relative value of the metals was wholly due to a rise in gold. A comparison of general prices in 1873, when the German demonetization of silver went into effect, with present prices, will show that the purchasing power of both metals has increased, and gold more than silver to the full extent of the divergence. But even if it were due equally to a rise in the value of one metal and a fall in the other, or entirely to a fall in silver, it may be demonstrated that it cannot be other than temporary, and that the concurrence of the causes producing it can never again be possible.

The relative value of silver and gold of $15\frac{1}{2}$ to 1—which is equivalent to $60\frac{7}{8}$ pence in standard gold for an ounce of standard silver—had not varied in the London market very materially, or for any great length of time, during this century, until 1875.

The average quotation during 1875 sunk as low as $58\frac{7}{8}$ pence.

During 1876 the range of fluctuation in the London market in each month was as follows:

January	56 $\frac{1}{8}$	54 $\frac{7}{8}$
February	54 $\frac{7}{8}$	53
March	54 $\frac{1}{4}$	52 $\frac{1}{2}$
April	54	53 $\frac{1}{2}$
May	54	52
June	52	50
July	51 $\frac{1}{2}$	46 $\frac{1}{2}$
August	53 $\frac{3}{4}$	50
September	52 $\frac{9}{16}$	51 $\frac{1}{2}$
October	53 $\frac{1}{2}$	52
November	55	53 $\frac{1}{2}$
December	58 $\frac{1}{2}$	56

In their circular of January 4, 1877, reviewing the business of 1876, Pixley & Abell, bullion brokers in London, state that on the 8th of July

there was "*an exceptional sale at 46 $\frac{3}{4}$.*" Such a quotation is of no more value than the maximum gold quotation of Black Friday in New York.

The causes which, in concurrence, produced the fluctuations in the relative value of gold and silver which culminated in July, 1876, were—

First, the demonetization of silver, by Germany in 1871, by the United States in 1873 and 1874, and by the Scandinavian states in 1874; the limitation on the coinage of silver imposed by France, Belgium, Switzerland, and Italy in 1874; the closure of the Holland mint against the coinage of silver on private account in April, 1875; the refusal of Switzerland, in 1875, to coin silver at all, and in the summer of 1876, by authority given to and actually exercised by the President of the French Republic, the suspension of the silver coinage altogether; the Spanish royal decree (1876) closing the mint of that Kingdom against private depositors, and declaring the purpose of that Government to demonetize it for all sums exceeding \$28 at the earliest practicable moment; and the submission (1876) to the Dutch legislative chambers of a ministerial project of demonetizing silver in Holland, and of extending to the mint in Java the restriction against coinage for individuals already imposed (April, 1875) upon the mint in Holland.

Second, a serious decline, for the time being, in the India demand for silver.

Third, an increase in the production of silver in the United States, considerable in fact, but the effect of which was immensely increased by exaggerations, and by the persistent error that the yield of the Comstock lode was wholly of silver, when it was really about one-half gold.

Fourth, the summary suppression by Germany of \$130,000,000 of banknotes and the consequent demand for gold to take their place.

Fifth, a law of the United States, enacted in 1875, ordaining a resumption of payments in gold January 1, 1879, and thus menacing the world with another enormous demand for that metal.

In respect to the effect of the last two facts, it may be observed that the British resumption of gold payments in 1821 raised the value of gold relatively to silver 5 per cent., although at that time all other countries had either the double standard or the silver standard, and there was, therefore, no such competition for gold as exists now. If the circumstances existing then had been similar to those existing to-day, England either could not have resumed payments in gold at all, or would have caused a much greater disturbance of the relation of the metals by such resumption.

Upon this enumeration of the causes of the recent divergence in the relation of gold and silver, it may be safely concluded that they will never exist again concurrently. At certain periods there may occur a great increase or decrease in the yield of either or both of the precious metals from the mines; or at certain intervals there may occur monetary crises and stagnations in commerce and industry. It is always possible that Governments may tamper with their money standards, or may suspend or limit the coinage of either gold or silver. Each and all of these circumstances would have a greater or less effect upon the value of the precious metals, relative or otherwise. Overmastering exigencies sometimes compel national suspensions of specie payments, and neither national suspensions nor resumptions can occur without a perturbing effect upon the value of the precious metals relatively to other things, nor without such effect upon their relative value, if the countries suspending or resuming have their money standards based on a single metal. But it is not probable, nor scarcely possible, that all the causes of a divergence between the metals which have been operat-

ive in the recent case can ever again be acting simultaneously and in one direction within any period which need be covered by the foresight of legislation. There is an equal chance that all these causes may operate hereafter simultaneously in the other direction; and if it be wise to legislate against remote contingencies, gold should be demonetized as well as silver.

The tendency of the two metals to return to their old relation, or of silver to recover from its fall, if the latter mode of expression is to any persons more acceptable, was manifested very soon after the silver panic of last July, and has made a degree of progress which tends to confirm the belief that, in any event, the full recovery of the old relation may be relied upon. The partial recovery actually realized, while the causes of the widening of the relation of the metals still continue active, proves the existence of great forces always at work to steady the relation. No mints closed to silver have been opened to it; no law demonetizing silver has been repealed; no threat of demonetizing it has been withdrawn; and the supply of silver from the mines continues undiminished, although some of the exaggerations concerning it have been corrected. Nothing has been done by our Government since July, 1876, to raise the gold-price of silver, except the continuance of the coinage of subsidiary silver, authorized and commenced long before, under the resumption act of January, 1875. The influence of this demand has been more than offset by supplies from the increased sales of silver by the German Government since last summer. The gold-price of silver has advanced since July, 1876, not by the aid of Governments, but from its own inherent strength. Its value rests securely on the magnitude of the existing stock, its universal diffusion, and the universal demand for it by the people of all countries, and especially by the teeming populations of the East.

Jevons, who advocates the gold standard for Europe, said two years ago (*Money and exchanges*, page 142):

The hundreds of millions who inhabit India and China and other parts of the eastern and tropical regions employ a silver currency, and there is not the least fear that they will make any sudden change in their habits. Although the pouring out of forty or fifty millions sterling of silver from Germany may for some years depress the price of the metal, it can be gradually absorbed without difficulty by the eastern nations, which have for two or three thousand years received a continual stream of the precious metals from Europe. If other nations should, one after another, demonetize silver, yet the East may be found quite able to absorb all that is thrust upon it, provided that this be not done too rapidly.

In Asia, as elsewhere, the demand for money, in the sense of desire for it, is unlimited and insatiable. Undoubtedly the effective demand of Asia is limited to its capacity to pay for silver, but this guarantee of the value of silver, which is its money, is nothing short of the entire mass of the disposable commodities of the Asiatic world. It is difficult to see how any amount of silver which Europe has left, whether thrown upon Asia "rapidly" or otherwise, can have anything beyond the most transient influence.

The evidence on this branch of the subject all goes to establish the conclusions that the Asiatic demand alone will be sufficient, within a comparatively short period of time, to absorb the surplus stock of silver in Europe and overtake the current supply and place silver at its old relation of value to gold, and that, if the United States should remonetize it, the practical resumption of specie payments could not be more than fairly begun before the old equivalency between the metals would be restored. It is apparent that the current supply of silver is too

nearly stationary, and the surplus European stock too nearly exhausted, to resist much longer the appreciating effect of the old and continuing demand from the East. But if this old demand were reinforced by the new, great, and increasing demand of the United States, as it would be if specie payments were resumed and silver remonetized in this country, the relative value of the metals would be almost instantly restored.

The opportunity to obtain silver, before the disposable European stock is entirely transferred to the East, ought to be seized upon by the United States. If it is lost by an indecisive and procrastinating policy, no equally favorable opportunity is likely ever to present itself again. Asia never gives up silver. There is no reflux in the current of silver which sets to the East. If this country waits until Europe is exhausted, it may become as difficult to obtain silver for coin payments as it is now to obtain gold for that purpose.

V.

THE POLICY OF REMONETIZING SILVER CONSIDERED IN REFERENCE TO THE RIGHTS, DUTIES, AND SPECIAL INTERESTS OF THE UNITED STATES.

Summary of the monetary laws of the United States.

In 1785 the Congress of the United States, under the Articles of Confederation, adopted the silver dollar as the unit of money. On the 2d of April, 1792, Congress, in the law establishing a mint, enacted that "*The money of the United States shall be expressed in dollars or units,*" the dollar "*to be of the value of a Spanish milled dollar, as the same is now current,*" and contain $371\frac{1}{4}$ grains of pure silver. The same act fixed the weight of pure gold in the eagle at 247.5 grains, or 24.75 grains of gold to the dollar, which made fifteen pounds of coined silver the equivalent in all payments of one pound of coined gold. In 1834, the weight of pure gold in the eagle was reduced to 232 grains, and, as no change was made in the silver dollar, the equivalency between gold and silver became 16.045 of silver to 1 of gold. In 1837, the quantity of alloy in both the gold and silver coinage was changed, so as to make the coins of both metals nine-tenths fine. The quantity of pure silver in the dollar was not changed, but the quantity of pure gold in the eagle was increased to 232.2 grains, so that the equivalency between gold and silver became 15.988 of silver to 1 of gold. Since 1837 no change has been authorized in the weight or purity of metal in either the gold or silver dollar. It will thus be seen that in the whole history of the United States the weight of pure silver in the silver dollar has never been changed, while the weight of pure gold in the gold dollar has been changed twice.

Gold and silver have been money in this country since its first settlement, by force of the English common law, and the Constitution of the United States recognizes and fixes them as money by the provision that the States shall not make anything but "*gold and silver coin a tender in the payment of debts.*" Congress cannot demonetize either gold or silver, except under a claim to a general authority over the subject of currency, upon which, if it exists at all, there are no limitations, and which may extend to monetizing any form of paper. If Congress can establish a legal tender, it is not prohibited, as the States are, from making anything "*but gold and silver coin a tender in payment of debts.*"

Between 1821 and 1834, when the legal equivalency between the metals was 15 to 1, gold was at a premium in silver of from 5 to 7 per

cent., and disappeared from the circulation, and but little was brought to the mint for coinage. The legal relation of value between the metals of about 16 of silver to 1 of gold established in 1834 was an undervaluation of silver. From that date on and until 1874 the silver dollar bore a premium in the London market over the gold dollar of from 1 to 3 per cent. Notwithstanding this premium, silver did not wholly disappear, as gold did between 1821 and 1834, but the quantity in circulation continually grew smaller down to 1862, when both the metals were expelled from the circulation by legal-tender paper. Between 1850 and 1873, whenever payments were made in coin, gold was used because it was the cheaper of the two metals, just as silver was used for a similar reason between 1821 and 1834; but during each of these periods both gold and silver possessed equally the potentiality of money, the metal out of actual use being certain to come again into actual use when the conditions changed.

After 1834, on account of the undervaluation of silver by the coinage law of that year, there was a tendency to export silver rather than gold in the settlement of adverse balances of foreign trade. In 1852 a scarcity of the small coins required in minor transactions began to be seriously felt. To meet this difficulty the act of February 21, 1853, was passed. It provided that the silver coins under the denomination of one dollar should be struck slightly below standard weight, and that the legal-tender function of such coins should be limited to five dollars in any one payment. This expedient, or the equivalent one of slightly debasing such coins, is familiar in the practice of European countries. Previous to the act of 1853 the owners of silver bullion had the right (act of January 18, 1837, section 30) to demand its coinage into any of the denominations of silver coin authorized by law. Before that act the law did not authorize any silver coins except the three-cent piece, which were not of standard weight and fineness, and which were not a legal tender for all sums. Under the provisions of that act, the subsidiary or fractional coins, being underweighted, possessed a mint value above their bullion value, and were permitted to be coined only on Government account. By this regulation the Government made a profit or seigniorage on the subsidiary coinage equal to the difference between its mint and bullion value. But after the passage of this law, as fully as before its passage, the owners of silver bullion had the right to demand its coinage into dollars, whose weight remained unchanged, and which, when coined were equally with gold a full legal tender. This right was never denied to silver bullion until the passage of the law of February 12, 1873, nor was the legal-tender quality of the full-weighted silver dollar taken away or limited until the adoption of the Revised Statutes in June, 1874.

The act of February 12, 1873, above referred to, is a long act of sixty-seven sections, regulating all the details of the mint. It does not demonetize the old silver dollar, or any of the silver coins of standard weight issued prior to 1853. The silver dollar is not named in it, and it would escape casual observation that that dollar was in any way affected by it. Precisely what the act did was to authorize the coinage of silver half-dollars, quarter-dollars, and dimes, below standard weight, and of a new silver coin for Asiatic commerce above standard weight, to be called "*the trade-dollar*," and to prohibit these particular coins, described as "*said coins*," from being a legal tender for more than five dollars in any one payment.

The act contains, in addition, an enumeration of the gold coins, and of the minor coins of base metal, which are authorized. It contained no prohibition, *eo nomine*, of the continued coinage of the old silver dollar, and that it did prohibit that coinage escaped the attention of the people of the

country who were to be so injuriously affected by it, by the generality of the prohibitory words which are found in the seventeenth section :

No coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint, other than those of the denominations, standards, and weights herein set forth.

The act of February 12, 1873, did not demonetize or affect in any manner the legal-tender functions of the full-weighted silver coins that had been minted prior to its passage, but the seventeenth section deprived silver bullion of its right of being coined into full legal-tender money on either Government or private account.

In no section of the act was it specifically pointed out or referred to that the effect of the act was to change the standard of values from gold and silver to gold alone. The title of the act, instead of containing any intimation of the change made in the standard of values, was "*An act revising and amending the laws relative to the mints, assay offices, and coinage of the United States.*" As comprehensive a title as this would have been required for an act making some insignificant change in the nickel coinage, or in the mode of purchasing chemicals used in assaying.

The act when passed was not read except by title, and it is notorious that this transcendent change in the money system of the country, affecting the most vital interests, was carried through without the knowledge or observation of the country. It was neither demanded by the resolutions of public meetings or political conventions, nor asked for in petitions from the people. As paper money was the actual currency of the country at the time, a coinage act was not likely to attract general attention. In its relation to the question of a single or double standard, it was discussed but little in the House, and not at all in the Senate. The press of the country was entirely unobservant or silent when it was pending and when it was passed, and for more than three years afterward. If it had been generally known that any such vital question as the demonetization of silver was lurking in the bill, it would have aroused the most wide-spreading discussion throughout the country, as is shown upon the present debate upon remonetizing it, which is only the same question reversed, and which, it is apparent, will dominate all other public questions until it is settled.

The most striking evidence, perhaps, of the public inattention to the effect of the coinage act of 1873, is the fact that President Grant, who signed it, and who was critically observant of the legislation of Congress, had no knowledge of what it really accomplished in relation to the demonetization of silver, and was still uninformed about it as late as the following October. If the President of the United States, in daily intercourse with the public men of the country, had failed to hear during certainly eight months that the laws no longer permitted money to be coined from silver, it must be true that the ignorance on the subject was general and profound.

In a letter written October 3, 1873, to Mr. Cowdrey, General Grant said :

I wonder that silver is not already coming into the market to supply the deficiency in the circulating medium. * * * Experience has proved that it takes about \$40,000,000 of fractional currency to make the small change necessary for the transaction of the business of the country. Silver will gradually take the place of this currency, and, further, will become the standard of values, which will be hoarded in a small way. I estimate that this will consume from \$200,000,000 to \$300,000,000 in time of this species of our circulating medium. * * * I confess to a desire to see a limited hoarding of money. But I want to see a hoarding of something that is a standard of value the world over. Silver is this. * * *

Our mines are now producing almost unlimited amounts of silver, and it is becoming a question, "What shall we do with it?" I suggest here a solution which will answer for some years, to put it in circulation, keeping it there until it is fixed, and then we will find other markets.

The demonetization of silver, coined and uncoined, was affirmatively completed in June, 1874, by the following section (3586) of the Revised Statutes:

The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

No law was ever passed by Congress of which this language can be considered a revision.

The Revised Statutes were enacted in bulk. They were intended to be a revision merely of the existing laws, without change or introduction of new matter, and Congress was assured by its committee on revision that no new matter had been introduced into them. It was not possible for the members of the committee to have personally verified the exact accuracy of the revision. They must necessarily have relied upon assurances given to them by the persons actually engaged in the work. Whoever may be responsible for this error in the Revised Statutes, the ancient money of the country, instead of being intentionally legislated out of existence by Congress, was revised out of existence.

Great importance of silver in the monetary history of the country.

A very disingenuous and unworthy attempt is made to belittle the importance of silver in the monetary history of the country, and to misrepresent what is intended by its remonetization, by iterating and reiterating the totally irrelevant fact, that one particular silver coin, the dollar piece, was never coined at the mints in large numbers. This fact is of no more importance than the other fact, which is equally true, that the gold coin of the value of one dollar has been minted in only small numbers, and is now not permitted to be minted at all. It is not a particular silver coin, the remonetization of which is demanded, but it is the metal silver, in whatever denominations of coins the law may authorize and depositors of silver bullion at the mints may choose to demand. The reasons why they never did demand the dollar piece in large quantities is perfectly well known. It was the great abundance of the Spanish silver dollars, when the mint was first established, and for forty or fifty years afterward, followed by the great abundance of the Mexican silver dollars, both of which were made a legal tender in this country, by tale or count. But while the unnecessary expense was avoided of procuring the coinage of a particular piece, which was already well supplied, it is still true that for 54 years, from 1793, when the mint went into operation, to 1846, both inclusive, there was more full-tender silver coined than gold, the figures being for silver \$68,839,014, and for gold \$52,344,522. And even from 1834 to 1846, both inclusive, although silver was largely undervalued by the coinage law of 1834, there was nearly as much full-tender silver as gold coined, the figures being for silver \$32,763,937 and for gold \$40,518,652. The preponderance of silver down to 1847 was even more marked in the circulation than in the coinage. Prior to 1834, all gold coins, domestic and foreign, had disappeared from the circulation in consequence of the premium on gold, which, at the legal relation then existing of 15 of silver to 1 of gold, ranged between 5 and 7 per cent. after 1821, when the Bank of England began gold payments. It was not until after the California discoveries that gold was much used. Prior to that time the reserves of the State banks were almost wholly in silver, and largely in American half-dollars. This is well known to those whose recollection goes so far back, and it is a flagrant perversion of history to deny that silver performed a more important part than gold in the monetary history of this country during the greater part of the time

down to 1862, although no silver-mines had been until then discovered and worked in the United States. Gold has predominated over silver in the circulation for a short period only, commencing after 1846, from the outflow of the Russian gold-fields, followed by the outflow from California and Australia, and ending with 1862, when paper issues banished metallic money. During the 84 years, from the opening of the mint to the present time, and during the 70 years from the opening of the mint to the suspension of specie payments, silver predominated for 54 years in the coinage, and still more decisively in use and circulation.

The dollar piece was little called for, not only because it was superseded by the Spanish and Mexican dollar pieces, but because the half-dollar answered all the purposes of the dollar piece, and some purposes which it would not answer. To and including 1846, \$58,964,673 were coined at the mint in half-dollars. The non-coinage of the silver dollar piece is of no more importance than the non-coinage, now made absolute and complete by law, of the gold dollar piece. It is no such trifling question as that which now agitates this country; but it is the demonetization of one of the two precious metals, and the striking down of prices to the standard of the other metal alone. It is not the silver dollar, but silver money, in whatever convenient forms the law may authorize and the owners of silver bullion may elect, whose restoration to its ancient and constitutional place is demanded.

It is urged by many that silver was practically demonetized by the act of 1834, which undervalued it; by others, that it was practically demonetized by the act of 1853, authorizing subsidiary silver coins. Although these persons disagree as to dates and causes, they agree in insisting that it was practically demonetized in some way, and at some time before 1873, and that the legislation of 1873-'74 in respect to silver merely gave legal expression to an existing fact. If silver was then already demonetized, the persistency of the efforts to secure the passage of a law to demonetize it appears remarkable. From June 9, 1868, when Mr. Sherman, chairman of the Committee on Finance, made a report to the United States Senate in favor of "*a single standard, exclusively of gold*," to February 12, 1873, no session of Congress went by in which some bill relating to the coinage, to compass that object, did not make its appearance. These efforts did not attract public attention, but the records exhibit them. Watchful and persistent labors are never undergone to accomplish what is already accomplished. The manifest truth is that silver was demonetized in 1873-'74, not because it was already demonetized, but because it was still money and stood in the way of the scheme to establish "*a single standard, exclusively of gold*." As the essence of money in the Western World is the legal-tender function, it is only by law that anything can be monetized or demonetized, and silver was as completely a money-metal in this country until 1873-'74 as it had ever been. What is loosely spoken of as its practical demonetization at that time, was its temporary disappearance from the circulation, because its market-value happened to exceed its mint-value. Its legal demonetization had no practical effect for the time being, and there could have been no other reason for it than the apprehension, since realized in fact, that the vicissitudes of mining, or the legislation of other countries, might again make silver rather than gold the more available metal, and bring it again into circulation.

Alleged reasons for the law of February 12, 1873, relating to silver. Effects of the law on public and private rights.

No adequate or satisfactory reasons for the enactment of the laws of 1873-'74, demonetizing silver, have ever been given. In the brief dis-

cussion on the bill in the House of Representatives the principal reason assigned in favor of those sections which interdicted the future coinage of the silver dollar was, that its value was 3 per cent. greater than the value of the gold dollar, and that on this account it could not circulate concurrently with the gold dollar, and that no silver was brought to the mint to be coined for circulation. There certainly could not have been any pressing necessity for legislation prohibiting a coinage which was not asked for, and if it was wise to prohibit the coinage of silver because it could not circulate, it would have been equally wise to have prohibited the coinage of gold for the same reason. Paper money, to the exclusion of both gold and silver, had been the sole circulating medium for eleven years. It could not be urged that the business of the country was subjected to any injury or inconvenience by the fluctuations in the relative value of a metal which was not in use and whose coinage was not demanded. Nor can it be easily comprehended how any harm could have resulted from the retention of the option then undisputed of using either of the metals, neither of which was then in use. Such an option, always valuable, has since become of the greatest importance, and it seems strange that it should have been given away without any consideration.

Nor could it have been a reason for the passage of the act, that in consequence of constant fluctuations in the relative valuable of the metals the money standard was frequently changing from one metal to the other. Only one such change had ever occurred in the history of the country, and that was not caused by a change in the relative market value of the metals, but by a change in their legal relation by the coinage law of 1834, which, by reducing the weight of the gold dollar, undervalued silver and caused it to be exported.

The law of 1873 was not needed to prevent the Secretary of the Treasury from paying the interest or principal of the public debt in silver, because, under the option which the United States reserved when those debts were contracted, his duty to the country would require him to continue to pay in gold as long as it continued to be the cheaper metal. It cannot be supposed to have been the intention of the framers and supporters of the law to discourage silver-mining, one of the great industries of the country, or to deprive the United States of the debt-paying resource which its newly-discovered silver-mines furnished.

The object of the framers of the law could not have been to strengthen the public credit. The amount of credit which either a nation or an individual can possess, depends upon the strength and extent of the belief among lenders and capitalists that the borrower is both able and willing to meet the exact terms of his obligations. An offer to do more would subject the debtor to well merited suspicion and distrust. He cannot improve his credit by promising to pay a larger amount of money, or money of greater value, than the terms of the obligations held against him require. The sufficient, best, and only means of improving credit, public or private, is an exact performance of contracts. The debtor that insists upon all his rights and at the same time performs all his duties, is the one most confided in. Credit can be strengthened by fulfilling contracts but not by changing them; by performing old promises and not by making new ones.

Nor could the object of the framers of the law have been to advance the value of bonds already sold and in the hands of purchasers. It would be of great public importance to enhance the value of bonds which the Government was proposing to sell, but to overload the country with additional burdens for the purpose of enhancing the value of outstanding

bonds, would be to subserve gratuitously and unjustly private interests at the public expense. It would be very gratifying to national pride to have the bonds of the United States now in private hands command the highest prices in the markets of the world, but it could scarcely be deemed a wise financial policy in the present condition of the country to obtain that gratification by a paying a premium for it. If, however, it were deemed advisable to enhance the value of bonds already sold, it should have been done by some plain and direct method, and in such a way that the country might know exactly what it was going to cost—as, for instance, by increasing the principal or rate of interest of outstanding bonds. It should not have been done by the indirect method of changing the medium of payment from gold or silver, at the option of the Government, to gold alone. The additional burden which that might impose, from a rise in the value of gold, is incalculable.

The wisdom of refunding the public debt before maturity, by retiring old bonds with the proceeds of the sales of new ones bearing a lower rate of interest, would be unquestionable, if the new bonds were issued on the same conditions and terms as the old ones. But if the new bonds are to run on a long time, and are to be payable only in the rapidly-appreciating metal, gold, instead of optionally in gold or silver as the old bonds are payable, it would be wiser not to refund at all. The country can better endure the present rates of interest than an indefinite increase in the value of the money in which the principal of its debts is payable.

If the gold obtained by the issue of a bond payable only in gold was used to purchase silver wherewith to pay off the 5-20 bonds, which can be paid legally and equitably in silver as well as in gold, the country would gain the present difference between the currency prices of gold and silver. Such a gain would not justify the great and unknown risk of a long-time promise of gold, but it would be worth something. But if the gold borrowed on gold bonds is to be applied directly to the payment of the 5-20 bonds, and the saving of converting it into silver for their payment is gratuitously thrown away, the operation would be, in all its aspects, a marvel of folly.

The defense most frequently made for the demonetizing act was, and is, that the silver dollar had been substantially out of circulation for twenty years. But those who make this defense forget that, until demonetized, it had always possessed all the functions of money and served as a sure protection against any considerable rise in gold. It bore a premium of only 3 per cent. in 1873, and if coin payments had been resumed then, gold could not have risen more than 3 per cent. without bringing the silver dollar into immediate use. It was, when demonetized, standing guard against a rise in gold. To divest either metal of the money function because temporarily out of use would be reckless and unwise. As well might the commander of an army while a battle was raging disband and discharge his reserves because they were not engaged at the front. As well might the master of a ship cut loose and scuttle his lifeboats because the sky was clear and the sea calm, or because the transfer of passengers and crew from ship to boats might cause some inconvenience.

Duties and rights of the United States in respect to its coin obligations.

All the debts of the United States, when any special medium of the payment of either interest or principal is expressed, are made payable either in paper money or "*in coin*," but never in gold. The 5-20 bonds

issued under the act of February 25, 1862, were made payable—the principal in dollars, without specifying the kind, and which might mean dollars in paper or coin, and the interest in coin; and, in order to secure the coin for paying the interest, the act specially appropriates the customs duties, and provides that they shall be collected “*in coin*” only, which includes silver as well as gold coin. The latest and still continuing law in respect to those duties, which is found in section 3473 of the Revised Statutes of 1874, declares that they may be paid in “*gold and silver coin*.”

The act of March 3, 1863, under which the 10-40 bonds were issued, makes both the principal and interest of those bonds payable “*in coin*.”

The well-known declaratory resolution of March 18, 1869, to “*strengthen the public credit*,” makes no promise of gold, but expressly recognizes “*gold or silver*” as constituting the “*coin*” promised in prior acts. The special pledge of the law of March 18, 1869, is that all national obligations shall be paid in “*coin or its equivalent*,” except those in respect to which it may have been “expressly provided that the same may be paid in lawful money, or other currency than *gold or silver*.”

The act of July 14, 1870, under which the national debt is now being refunded, provides for payments, not in gold, but “*in coin*,” and the only new provision which it contains is that payments shall be made “*in coin of the present standard value*.”

Bonds issued under the act of July 14, 1870, have printed on them the following words:

This bond is issued in accordance with the provisions of an act of Congress entitled “An act to authorize the refunding of the national debt,” approved July 14, 1870, amended by an act approved January 20, 1871, and is redeemable at the pleasure of the United States after, &c., in coin of the standard value of the United States on said July 14, 1870, with interest in such coin.

On the 14th of July, 1870, the silver dollar contained 412.5 grains of standard silver, and was the legal equivalent of the gold dollar, which then contained, as it does now, 25.8 grains of standard gold. Both the silver and gold dollars were invested with the same function as money, and were equally a legal tender for all debts, public and private, and for all sums. Any person having either gold or silver bullion had the right to deposit it at the mint, and have it coined for his account, in the order of its presentation, into full legal-tender money, and, being so coined, it became coin of the “*present standard value*,” as intended by the act of July 14, 1870, and in which bonds issued under that act may be legally paid.

The right to demonetize gold rests on the same foundation as the right to demonetize silver, and the right to demonetize both is as well assured as the right to demonetize either. It is not disputed that the United States may change at will either the weight or the purity of the metal in its coins. It might make its coins $\frac{7}{10}$ instead of $\frac{9}{10}$ fine, or might make the gold and silver dollar, or unit of value, contain more or less gold and silver respectively than was contained in the gold and silver dollar of the standard value of July 14, 1870. But neither the demonetization of one or both of the metals, nor a change of weight or purity of metal in either gold or silver dollars, could either deprive the country of any of its rights or relieve it of any of its obligations in respect to bonds issued under the act of July 14, 1870. Nor could such legislation build up any new rights or break down any old ones of the holders of bonds issued under that act. The very terms, “*coins of the present standard value*,” used in that act to describe the medium in which bonds issued under it were payable, implied not only the power of the Government to change the

"*standard value*" of its coins as existing July 14, 1870, but the probability that such changes might be made. What the act does is to protect the holders of bonds issued under it from being affected by such changes. Those bonds hold the United States, not to pay dollars of such weight, purity, and material as may constitute coin of the standard value when the interest or the principal of the bonds falls due, but to pay, at its option, in dollars of either gold or silver, of the weight and purity of "*coin of the standard value of the United States on said July 14, 1870.*" If the United States should make its money to consist of paper, or of platinum coins, such as were formerly minted in Russia, it must still provide gold or silver coins for the holders of bonds issued under the act of July 14, 1870, and of the "*standard value*" existing on that day. If the United States should hereafter diminish by one-half the weight of pure metal in the gold and silver dollar respectively, the rights of the holders of those bonds could not be prejudiced thereby; neither could the rights of the Government be prejudiced under opposite conditions. Under all circumstances the holders of those bonds have the clear right to demand coin of the "*standard value*" of July 14, 1870; and equally clear is the right of the United States to pay in coin of gold or silver, at its option, of that "*standard value.*" These rights are the correlatives of each other and must stand or fall together. If the Government should refuse to pay bonds issued under the act of July 14, 1870, in coin of the then "*standard value,*" it would be a repudiation of the rights of the bondholder. If it should deny to the nation its option of selecting for such payment either gold or silver coin of the "*standard value*" of July 14, 1870, it would be a repudiation of the rights of the people.

The object of the act of July 14, 1870, was to refund the public debt at lower rates of interest, and the framers of the act naturally desired, so far as they could properly do so, to make the terms of the bonds authorized by it acceptable to the classes of persons most likely to subscribe for them. It is a well-settled rule of law in this country that public and private contracts to pay dollars, without a specification of any particular kind of dollars, are satisfied by the payment of whatever may be legal dollars when the contracts mature. The principle of this rule is recognized among all civilized nations. In view of this well-known rule, and in order that the rights and duties of both the Government and the bondholder should be specifically defined, the promise of prior acts to pay "*in coin*" was changed in the act of July 14, 1870, to a promise to pay in "*coin of the present standard value.*" This change insured the purchasers of bonds issued under it against being paid in coins of a different standard value; but not less clearly did it insure to the people of the United States the privilege of paying, at their option, in any of such coins. If the new language holds the United States rigorously to pay in such coins, not less rigorously does it hold the owners of the bonds to accept them.

The United States owes no debt either contracted or payable in Europe, although its bonds, payable at home, are largely held there. It has created no foreign debt since the revolutionary war. All its debts and bonds are payable in this country and in dollars. The law gives no advantage to the creditors of the United States who live in foreign countries over creditors who reside in this country. They occupy exactly the same position, equitably and legally. Many attempts have been made to induce Congress to authorize the issue of bonds payable in foreign countries and in foreign money, but such attempts have never succeeded, except in the single instance of one small loan (United States

Statutes, vol. 12, p. 260), which was authorized but never negotiated. Europeans and all others who purchase United States bonds do so voluntarily, and exclusively for their own profit and advantage, and not for the profit or advantage of the United States. They purchase them with a full knowledge of the laws which authorize their issue, and specifically set forth their terms. The laws are open to the examination of all, and no one has the right to plead ignorance of them as a reason for perverting in his interest their plain meaning. No bond has ever been issued without having printed on its face a reference to the law authorizing it, together with a substantial statement of its terms. It is incredible that any bonds have been purchased without a full knowledge of their terms on the part of the purchaser; and, be that as it may, the United States, in dealing with its debts, must be governed strictly by the laws authorizing them. These laws were intended not less scrupulously to protect the rights of the nation than the rights of the bondholder, and no safeguard of the interests of the nation can be lost because it was overlooked by careless creditors.

The legal right of the United States to pay its bonds in gold or silver, at its option, is so clear that no serious denial of it is made. The claim that they should be paid only in gold is placed on vague and shadowy grounds. So far as it is possible to apprehend these grounds, they are, that when these bonds were issued silver was out of use as money; that the larger part of those held abroad at the present time are held in countries which do not recognize silver as money; that whenever coin has been paid for these bonds, it has been gold coin and not silver coin; and that the purchasers expected to be paid in gold; and that on account of these considerations both equity and honor demand that they should be so paid. The truth is, that gold has been as much out of ordinary use in this country as silver during the whole period covered by the negotiation and sale of these bonds, and that Germany, where the earliest and largest purchases of them were made, did not recognize gold as money until December, 1871, and has now quite as much silver as gold in its circulation. Down to 1873 the coin purchasers of the bonds did not forget that they had an option between silver and gold money, nor did they fail to exercise that option by selecting gold, which was the cheaper of the two metals, as their medium of purchase, nor should the Government now forget that it has the same option, and that it would be worse than weakness not to exercise it by selecting the cheaper of the two metals as the medium of payment. Those who purchased bonds with gold when it was the cheaper metal could have expected to be paid in gold only so long as it continued to be the cheaper metal. If they have been disappointed in what has since happened, it is in the fact that silver has become the cheaper metal. They always knew that the United States had the same option of paying in the cheaper metal which they had themselves exercised in purchasing. They may be somewhat disappointed to find that this option cannot be taken away by any legislation subsequent to the dates of the contracts which they hold, and that the step from coin to gold is a more difficult one to take than the step from currency to coin, for which the Congressional resolution of March 18, 1869, seems to have been sufficient.

The attempt to frighten the Government from exercising its undoubted right to pay its bonds in the cheaper metal, by proclaiming that if it does so its honor will be tarnished and its credit impaired at home and abroad, is unworthy of consideration. The punctual fulfillment to the letter of all obligations is the surest and best support of the credit of any country. Its honor can rest permanently, in peace and in war,

only on the patriotism of its people, which is sure to be weakened if their substance is taxed to pay premiums for the applause of its creditors. The United States is the only nation that has never made a default in its promises. It has never failed to meet punctually and fully all its obligations. It is nearly a hundred years since its Government was formed under the existing Constitution, and if it has not acquired a perfect credit by the scrupulous fulfillment during that time of all its obligations, it cannot hope to acquire such a credit by anything that it can do hereafter. Within that time it has seen the strongest Governments in Europe make default in the payment of their obligations. Even Great Britain, for many years during the present century, paid the interest of its public debt, a large proportion of which had been contracted in coin, in inconvertible bank notes, whose depreciation reached sometimes as high as thirty per cent. While nearly all nations have on various occasions met their obligations in a money less valuable than they agreed to pay, the Government of the United States stands alone and pre-eminent in the generosity and in the folly of paying in a money more valuable than it agreed to pay. The only compensation which it has received for the added burdens thrown upon its citizens by an over-performance of its contracts is the interested praise of those benefited, which is as insincere as it is interested. Those who obtain an unjust advantage have a real contempt, however concealed, for the weakness that concedes it. That sensitiveness, so morbidly manifested by some in respect to the estimation in which this Government may be held by its creditors here and abroad, and their indifference as to the estimation in which it shall be held by the great mass of its own citizens, instead of being evidence of proper national pride, is an exhibition of weak and puerile vanity. That sentimental idea of honor which requires the abrogation of the plain terms of a written contract by one of the parties to it, against its own interest and at the demand of the other party, while suited to youthful fancy and refreshing in the pages of cheap literature, should find no place in official interpretations defining the rights and duties of a nation under contracts whose written terms are so precise as to exclude implication.

A written contract must be construed in accordance with its expressed terms. Any other method of interpretation would be the source of endless confusion and injustice. This is especially true of written contracts between a Government and its creditors. As no tribunal exists to decide the equities between them, the question of equity and honor cannot be safely opened by a Government. It could only decide on such equities as might be adverse to itself, while the creditor would insist on the equities of the contract when in his favor, and on the terms when the equities were against him. Suitors before chancery tribunals are bound by the rule that those who seek equity must do equity. In this case, there are many and strong equities on the side of the United States. During the civil war its bonds were sold at par for paper which was worth as little as forty cents in gold or silver on the dollar. In respect to the bonds sold since the civil war for metallic money, such money greatly appreciated after the sales, and is still appreciating. If the United States, on account of either of these circumstances, should reduce the amounts nominally due on its bonds, it would be charged with dishonor and repudiation. There is no court to which it can present these equities, and it therefore cannot entertain the vague, doubtful, and far inferior equities urged in behalf of its creditors.

The honor of the Government was no more sacredly pledged to the bondholder, that the principal and interest of bonds issued under the act of July 14, 1870, should be paid in coin of the standard value of

that date, than it was to the people that they should have the option and privilege of paying the bonds issued under that act in either of the classes of coin of the standard value of that date. There are two parties to these contracts, the bondholder on the one side and the masses of the people on the other. The rights of the one are as sacred as the rights of the other.

In the case of the Government, the arguments against enlarging the terms of its written contracts, to satisfy the claims of an imaginary honor, are even stronger than in the case of individuals. The proposed gratuities to bondholders are not to be paid by those who hope thereby to obtain a meretricious applause, but are to be made at the expense of posterity, the mortgage upon whose earnings is to be changed to their prejudice after it has been recorded. The burdens thrown upon individuals are borne by them personally or by their existing property, but the burden thrown upon a nation may be extended to an indefinite future. To mortgage the labor of posterity and coin it into money for present wants is a doubtful right at best. Until lately it has been an established canon of American political doctrine that no generation can bind its successors, and that every public debt must be paid off during the generation which created it. At all events, no attempt should be made to impose burdens on posterity, unless commensurate benefits are conferred with them, and to increase gratuitously such burdens in order to gratify sublimated notions of honor is as indefensible in morals as it is in law.

The United States reserved the option of paying its debts in either metal, as a protection against any combination of circumstances, and against any legislation of foreign Governments relative to the precious metals which might cause a divergence in the relative value of gold and silver. This option, always important, and doubly so when a divergence exists, has always been exercised by the United States, and its right and duty to exercise it is as clear to-day as it has ever been since the formation of the Government. It was a powerful and persistent creditor influence that caused the demonetization and consequent depreciation of silver relatively to gold. The masses of the people, including the debtors of all countries, were opposed to it. If it were true, as it is not, that creditors would now suffer loss if paid in silver, they should receive no sympathy, nor should they complain of the legitimate consequences of their own acts. The bonds of the United States are supposed to be more largely held in Germany than in any European country. Germany had the single silver standard until 1871, and by discarding it and adopting the gold standard became the principal cause of the recent divergence between the metals. The subjects of the German Empire cannot justly complain of a payment in silver depreciated by the action of their own Government.

If individuals or syndicates, who have made contracts for the purchase of bonds of the United States at fixed prices, and whose profits and commissions depend upon the prices at which they make sales, have made representations as to the tenor and meaning of the bonds not warranted by law or by the language of the bonds, the United States cannot be held responsible for such statements. That is a matter purely between them and their customers.

The only safe course for both parties to these bonds is to abide by their plain letter and by the laws which alone give them any validity whatever.

Large national debts, contracted under the pressure of war, are generally contracted on hard terms. There is a temptation to scale them down afterward to more equitable terms, and a provocation to that is

given if the holders of such bonds attempt, by influencing legislation or otherwise, to secure new and still better terms for themselves long after the loans are made. Their strongest and best position is to stand upon the sacredness of contracts, and they may lose a portion of what is now conceded to them by seeking more than their contracts entitle them to.

The act of July 14, 1870 pledged the Government of the United States to pay the bonds issued under it in dollars coined at its option out of either gold or silver, and that the dollars coined of gold should each contain 25.8 grains nine-tenths fine, and that those of silver should each contain 412.5 grains of the same purity, and that for the purpose of such payment no other or different dollar from those described should be used. But that act did not, nor could it, bind the Government to retain either kind of dollar, or either gold or silver, as money. It, in effect, pledged the Government to pay those bonds at its option in one or the other of the classes of dollars described, whatever its money might be. The question of what its money shall be is a domestic question always within the sovereign discretion of the United States, and in respect to which it never did and never can give pledges for the future.

The United States might decide to demonetize gold as well as silver, and to maintain and enlarge the circulation of paper. The effect of this would be to lower the value of both metals, by withdrawing any demand for them as money in this country, and by setting an example of disusing them, which might be followed elsewhere. Just as a large demand for gold here as money must raise its value and increase the burden of debts payable in gold, so the disuse of the metals here would cheapen them and diminish the burden of debts payable in them. The Government of the United States has never come under obligation to its creditors or anybody else to retain either of the metals as money. After demonetizing them, however, it would still be its duty to coin them for the purpose of complying with the terms of bonds issued under the act of July 14, 1870. Of the striking of coins for special purposes, we have examples in the subsidiary silver coins and in the trade-dollar. The question of remonetizing silver has no connection whatever with the right or duty of using silver in payment of the coin obligations incurred under that act, but it does directly affect the interests of the holders of such obligations. The remonetization of silver in this country would, by giving it a new and large use, cause it to increase in value, which is of great importance to the holders of bonds which, according to their conditions, are payable in either gold or silver, at the option of the United States. The holders of such bonds are the last persons who should oppose the remonetization of silver.

For even if silver is not remonetized, it can hardly be supposed that the Government of this country will be so untrue to the interests of the nation confided to its charge as to give up, or fail to exercise, the option it has of paying the bonds in silver, or that authority will not be given and exercised to coin silver for that, even if for no other purpose.

If positions were reversed and if the Government was the holder of these bonds, it would be regarded as a violation of the letter and spirit of the agreement, and a repudiation of honorable obligation, if it should neglect or refuse to coin, at the will of the debtor, either of the metals in which the bonds were payable. A rule, to be equitable, must work both ways.

The promise of the United States to the purchasers of bonds under the act of July 14, 1870, is not to pay money, but to pay "coin" of the then "*standard value*," meaning of the weight and fineness of the gold and silver dollars then being coined at the mint. Both parties took the risk of the fluctuations of the metals. The United States received no

guarantee against their rise, and gave no guarantee against their fall. The assumption that the agreement of the United States was to pay coin of the then market or commercial value is to the last degree absurd. The United States agreed to pay a specific thing, not a specific value. There is no tribunal to determine what the changes are in the market or commercial value of dollars. No prudent Government or individual would give an obligation so shadowy and indefinite, and no prudent capitalist would accept such an obligation.

In issuing bonds under the act of July 14, 1870, the United States took the risk of a rise in the value of both the metals. The parties accepting the bonds took the opposite risk of a fall in the value of either of them. The chances against the United States were wars and political disturbances in the mining countries, such as caused a decrease in the production of gold and silver between 1809 and 1848, or that the mines would be from any other cause less productive, or that countries not using gold or silver might decree their use as money, and thus make a new demand for them, or that a change of fashion might increase the consumption of the metals in the arts. Either of these circumstances, or all combined, might raise the value of the metals very materially. On their part, those who accepted the bonds took the risks of an increased production of either or both of the metals by the discovery of new gold and silver mines or by the more vigorous working of old mines, or that commercial countries *might demonetize one or both of the metals*, or that great amounts of gold or silver might be liberated by the suspension of specie payments in important countries, or that the habits of the world might be so changed that less amounts of gold and silver would be used for other purposes than as money. Either of these circumstances, or all combined, might depreciate the value of one or both of the metals very materially.

One fact, not a matter of chance but of reasonable certainty, operates steadily against the United States. This is the advance of the world in population, wealth, and exchanges, and the consequent requirement of more money, with no certainty that the mines will produce more.

The risks were and are mutual. Is it supposed that, upon the occurrence of any or all of the circumstances which would tend to raise the value of both metals, and thereby increase the burden of obligations payable in them, the United States would ask or that the bondholder would agree to a corresponding scaling of the contract? Has a bargain been made where the creditors, under all vicissitudes, stand to win and not to lose? Is the United States bound to the obligations and penalties of the contract, and debarred from all the advantages conferred by its terms? These interrogatories admit of but one reply.

There is no dispute about the facts of the case or the law. A contract has been entered into between the Government and its creditors, involving contingencies which may favor either party, and both parties must abide the issue, whatever it may be. It would be beneath the dignity of the Government to demand any advantages which the law and the contract made under it do not confer. It would be a violation of justice and a betrayal of the great interests confided to its charge to accept anything less. The Government is an agent and not a principal. It is the trustee of the nation, and must find the charter and guide for the administration of the affairs intrusted to it in the law and not in sentimental emotions.

The creditor would have no reason to complain of either the law or the fact if he were now paid in silver. The contingencies which have happened have not been favorable to the United States, but otherwise.

Not only has the value of both the metals risen, but a comparison of gold prices in 1870 with silver prices in 1877 will show that the purchasing power of silver is greater now than the purchasing power of gold was then. Payment to-day in silver would not only give the creditor all that he is entitled to under the law and the contract, but would mete out to him more than equity alone would demand.

It is sometimes said that the more recently-issued bonds should be paid in gold, because the United States receives gold for them. The obligations of a bond are not governed by the price, or the species of money, or the nature of the consideration received by those who issue it. They are governed by the terms of the bond, and not by what it is sold for. A bond sold at 105 can have no other construction than a similar bond sold at 50, and a bond sold for gold can have no other construction than a similar bond sold for silver or greenbacks, or given in payment for supplies or services. The promise, and not the consideration, governs. If it were really true that what is received for bonds determines what they promise, the holders of a majority of the outstanding bonds of the United States would be in a much less favorable position than they now occupy.

Indebtedness of the United States to Europe and trade relations with Europe.

We are largely the debtors of Europe, a relation we do not occupy toward any other quarter of the globe. The aggregate of our indebtedness, public and corporate, held there, is estimated to exceed \$2,000,000,000, and is, on any computation, an immense sum. If it be taken at \$2,000,000,000, the annual interest must be fully \$100,000,000. This is the minimum of the current estimates. It is not a tribute, in the odious sense of a contribution exacted by a sovereign or imposed by a conqueror, but in its financial effects does not differ from either, and there has never been any parallel to it in history, ancient or modern. In the recent and continuing discussions in Great Britain it is treated as a capital and dominating fact relative to British India that India is obliged to pay annually in London £15,000,000, or \$75,000,000, partly as interest upon loans and partly for expenditures of the Indian administration in England. But India has a population five times greater than that of the United States, and its London payments are in larger proportion for interest on money expended in productive works than is the foreign interest-account of this country. No part of our national debt, which is so largely held abroad, arose from investments in productive works.

We occupy still another relation to Europe. It is the principal purchaser of our agricultural staples, of our petroleum, and of the raw products of our forests. So long as we export those articles Europe will be our chief customer. It has the manufacturers to buy our cotton, and a dense population whose demand for food and raw products of various kinds cannot be supplied at home. For a long future we shall find there the principal foreign market for our timber, petroleum, cotton, cereals, tobacco, rice, beef, pork, and dairy products, and it is from the proceeds of these commodities that the interest on our debts held in Europe must be and is really paid. And it is with those countries which now have the gold standard, or have taken steps in that direction, and pre-eminently with Great Britain, that we have these relations of trade.

Two modes of resuming coin payments in this country are proposed. One is under the single standard of gold; the other is under the optional standard of gold and silver.

If we resume specie payments in gold alone, the quantity needed will be very great, and we must either withdraw it from Europe or intercept gold that would otherwise reach Europe, which would amount practically to the same thing. To whatever extent coin payments in gold require more gold than coin payments in gold and silver would require, to that extent the competition for gold between the United States and Europe will be made more severe, and the drain of gold from Europe will be greater, with the unavoidable consequence of a fall in Europe of the gold-prices of all commodities. This would be disastrous to the masses of the people of this country, even if the merchandise imports and exports in the European trade were equal. The producers of the staples sent to Europe include the entire agricultural interest, and far exceed in numbers the consumers of European goods. But merchandise imports and exports in the European trade are not equal; on the contrary, the excess of exports is very large, and must be so as long as the United States has a large annual interest-account to pay in Europe. Comparing for the two last fiscal years, ending June 30, 1875 and 1876, the merchandise imports and exports with all European countries, the following results are shown:

Years.	Imports from Europe.	Exports to Europe.
1875.....	\$281, 234, 787	\$452, 432, 255
1876.....	232, 133, 822	498, 558, 300

The trade with Great Britain, which is a gold-standard country, shows the following even greater proportion of exports, exclusive of gold and silver:

Years.	Imports from Great Britain.	Exports to Great Britain.
1875.....	\$155, 297, 944	\$371, 745, 682
1876.....	123, 373, 281	368, 900, 324

Falling prices in Europe, and especially in Great Britain, imply diminished returns for the same quantities of our exports to that continent, and a corresponding increase of the real burden of paying the principal and interest of our debts held there.

If the United States should resume specie payments under the optional or double standard, silver would always constitute a part of our currency. The channels of circulation would doubtless for a short time, and until the new demand here for silver caused the legal and market relations of the metals to coincide, be monopolized by silver and by such paper as might be convertible into the metals. It would, therefore, not be necessary to resumption to draw gold from Europe or to intercept it on its way there. Even if the gold now in this country, or some portion of it, should be sent to Europe, it would be sent where it would be of the greatest possible service to us, and where it would have a direct influence in raising the prices of our exported products. These prices are not regulated or controlled by the volume or kind of money in use in this country, but by the volume and kind of money used in the countries to which our products are exported. A gold standard here will force a fierce scramble with Europe for gold. This would straiten our largest customers, diminish their means and disposition to make purchases, and lower the prices of our products in European markets. Last year our merchandise exports to Europe (principally agricultural staples) were \$498,558,300, of which Great Britain received \$368,900,324. By retaining, instead of sending to Europe, any given sum of gold, the United States would be obliged to export that additional amount of products, and to suffer also whatever percentage of diminution in the prices of \$498,558,300 of products such a withdrawal

of the gold supplies of Europe would occasion. On the other hand, to whatever extent we employed silver as money under the double standard, we could add to the gold supplies of Europe, and proportionally raise the prices of \$498,558,300 of our products sold there. It is indeed hardly possible to conceive of a financial policy more clearly and largely ruinous for the United States than one which would raise the value of the money in which our foreign debts must be paid, and decrease the prices in such money of our exported products.

Before the British Royal Commission of 1868 on International Coinage, Jacob Behren, esq., an eminent British merchant and member of the Associated Chambers of Commerce, after answering special and technical questions, was asked, in conclusion, "*if there was anything else he wished to state.*" His reply was (p. 13):

I would only state that, in my opinion, the general introduction of gold all over the world has been one of the greatest possible blessings to England. I believe that England would be now the very poorest country in the world if the silver standard abroad had been kept up, and gold had not been generally introduced. Gold would otherwise have been very much reduced in value, and we should have had all the gold poured into England. All the debts owing to us would have been paid in the depreciated currency; and, therefore, I believe that England ought to have taken the lead in the introduction of a gold currency abroad. We ought to be very thankful that it has been introduced, and we ought to give every facility to its circulation.

The activity of the advocates in this country of the gold standard has relieved England from the necessity of openly taking "*the lead in the introduction of a gold currency*" into the United States.

The resumption of coin payments.

A transition in this country from paper to coin involves a struggle for the needed coin with other countries, no one of which has any that is not all urgently needed for its own payments, prices, and necessities. The United States will be at the disadvantage of struggling for the coin of which other countries are in possession. It can be successful only by a reduction of prices in this country, not merely to the present level of coin-prices throughout the world, but to that lower level to which they must descend under such a new and great demand for coin as the resumption of specie payment in this country would occasion. This crash in prices cannot be avoided by confining our demand for the metals to the product of our own mines. That product is a part of the current supply of the world, and to subtract from that supply is the same thing in its practical effect as subtracting from the stocks of the world, because the entire current supply is not more than sufficient to keep the existing stocks unimpaired. It cannot be avoided by borrowing coin abroad upon our bonds. No such borrowing will be permitted to reach the gold of the great European banks, and must be confined to the small quantities floating in commercial hands. But the decisive consideration is, that even if gold should be obtained in that way, it could be kept here upon no other condition than a reduction of our prices to or below the coin-prices of the world.

The difficulty of obtaining gold in that way was pointed out in the Senate of the United States January 22, 1874, by Governor BOUTWELL, who had been recently at the head of the Treasury Department. He scouted the proposition that it was possible to obtain even \$100,000,000 in gold by the sale of bonds for resumption, or for any other purposes. Referring to a proposition to transfer to this country from London only \$21,000,000 in gold, he said:

The Bank of England, foreseeing that there would be an accumulation of coin to the credit of the United States which might be taken away bodily in specie, gave notice to the officers of the Treasury Department of the United States that the power of that

institution would be arrayed against the whole proceeding unless we gave a pledge that the coin should not be removed and that we would reinvest it in the bonds of the United States as they were offered in the markets of London. We were compelled to comply. It was in the interest of the Government that we should do so, because we did not want the coin, and we did want the bonds. But it shows the feeling that animates that central financial power of Great Britain, and it shows a policy on the part of that institution, and of every kindred institution on the continent of Europe, sustained by all the banking and commercial classes, by which, if it were necessary, and this proposition should become a law, the bonds of the United States would be excluded from the stock markets of every financial city. There are in the nine great banks of Europe only \$600,000,000 in specie. That specie is held as a reserve with reference to their local business and with reference to the great transactions that take place between the countries of the continent of Europe and Great Britain. I may say, without disparaging the authors of these propositions, that it is useless for Congress to waste time upon legislation looking in that direction. There is another fact known to all. We recovered at Geneva an award against Great Britain of \$15,500,000. When this claim was maturing the banking and commercial classes of Great Britain induced the Government to interpose, and by diplomatic arrangements through the State Department here, operating upon the Treasury Department, secured the transfer of securities, and thus avoided the transfer of coin. In the presence of these facts, is it to be assumed for a moment that we can go into the markets of the world and purchase coin with which we can redeem four, three, two, or one hundred million outstanding legal-tender notes?

When a drain of gold sets in, the Bank of England raises its rate of discount until it makes money scarce enough, and reduces the prices of commodities low enough to arrest the drain. This is a necessity for its own preservation, to which it must sacrifice everything else, not excepting its own customers. It is unfortunately too plain how the United States, depending upon the European prices of its commodities for the means to pay its debts, must fare in a contest for gold with the banks of London and Berlin.

And so far as it is true, as it doubtless is to some extent, that our indebtedness to Europe is paid from the sale of commodities elsewhere, the United States, as a debtor country, is interested against such a diminution of the world's measure of values as would result from demonetizing silver, and ought to throw the weight of its example and influence against it.

Every additional employment for gold increases its value, and it must be an unwise policy for the United States, owing large debts held in gold-standard countries, and many of them specifically payable in gold, to make a new demand for that metal, of from three to five hundred millions of dollars, by adopting an exclusive gold standard. The interests to be subserved by such a policy are not American interests, but those of the gold-standard countries of Western Europe, and especially of England, which are to an enormous extent the creditors of the United States and of other parts of the world.

Upon this general statement it is apparent that a struggle for a given quantity of both the metals must be less severe than a struggle for the same quantity of a single metal. The needed quantity is a less percentage of the stock of both metals than it is of the stock of either. The whole world can be drawn upon for both, while only a part of the world can be drawn upon for one; and if the single metal sought for is gold, it is only the smallest part of the world which can be drawn upon.

The actual and legal money of the United States is now, and has been since 1862, paper issued by the Government. It owed its origin to exigencies growing out of the civil war, and to the belief that it was necessary for the preservation of the Government. The law authorizing its issue has been decided by the highest judicial tribunal to be warranted by the Constitution. It owes its value to the demand of the population of the country for money, and not to the indefinite promise to redeem it in coin. The value of each unit or dollar, population and productive

forces remaining the same, depends upon the number of such dollars issued and occupying the channels of circulation. It is not disguised that it will be an extreme hardship to compel those who have borrowed paper, or have become indebted by purchases at paper prices, to liquidate their obligations in coin. It is not a good answer to this to say that if debtors suffer in this way now, creditors suffered in an inverse way fifteen years ago. The answer would be a better one if it could be truly said, as it cannot be, that the debtors who are now to suffer are the same persons who made a corresponding gain fifteen years ago, and that the creditors who are now to gain are the same persons who then suffered a corresponding loss. An injustice to one class of persons is neither remedied nor compensated by inflicting an injustice upon another class. The only ground upon which a resumption of coin payments can be justified is that it is absolutely essential to the public welfare. If resumption is demanded, it is by policy, and not by equity. No man's equities are impaired by a continuance of the present state of things. There is no holder of greenbacks who cannot get as much as he gave for them. If prices have been inflated in this country, it was caused by an excessive issue of legal-tender paper, resulting from the real or supposed necessities of the Government. No particular class can be charged with being responsible for it. Those who now find themselves crushed beneath a load of debts through falling prices brought about by a contraction of the currency cannot be justly taunted with previous recklessness, because they transacted business in prices regulated by forces over which they had no control. As the debtors of the country are not more responsible than the creditors for the suspension of specie payments, the burdens of resumption should not be imposed on them alone. It is claimed that resumption is necessary for the welfare of all. Whatever sacrifices may be necessarily attendant upon it should therefore be, as nearly as possible, equitably shared by all.

Under any plan of resumption there will be hardships and benefits, and they will be unequally distributed. But the plan selected should be such a one only as would subject existing equities and interests to the least possible disturbance. A transition from a standard of paper to one of gold will hardly be claimed to be such a method of returning to coin payments as would best mitigate the unavoidable hardships incident thereto. And so far as it aggravates them, it is an aggravation called for by neither honor nor duty. When the suspension of specie payments took place all obligations were payable in either of the two metals, gold or silver, at the option of the debtor. It would be manifestly inequitable to resume without an option and in one metal. Resumption of specie payments under the double standard is the utmost that can be claimed by creditors at home or abroad. Even such a resumption would not preserve existing equities, but would impair them less than a resumption in the more straightened standard of gold. Even if it were conceded that a gold standard is abstractly the best, and ought ultimately to be adopted, the present time is most badly chosen for such a measure. The sufficiently difficult step from paper to coin should be first taken, to be followed by the step from coin to gold, at some opportune moment to be indicated by subsequent events.

The restoration of the double standard seems to be the most efficacious, and, for the present, the indispensable measure to bring about a resumption of specie payments. To convert all the vast and ramified paper debts of this country into gold debts, and to do this when a similar change in the monetary system of Germany is still uncompleted and in

progress, so that we must be forced into a contest for gold with that rich and populous empire, will involve such ruinous hardships when it is seriously attempted, that it is impracticable under institutions that rest upon the popular will. England was able to do it fifty-six years ago, but the Government of that country was then far less a representative one than it is now; and strong as it was, it was substantially revolutionized by the reform bill of 1832, which was forced upon the Government by the people, made desperate by the suffering and misery inflicted on them by the gold policy of 1821. The Government of Germany, essentially military, and flushed and strengthened by successes in many respects without a parallel in a recent war, seems equal to the task, but even there popular discontents are threatening and portentous. Neither the English nor the German experience justifies the belief that the policy of an arbitrary and uncalled-for contraction of the currency is practicable in this country. When the law of January 14, 1875, was enacted, requiring coin payments on the 1st day of January, 1879, it was known to but few persons in the United States that silver had been demonetized. The general knowledge of that fact is, indeed, much more recent than January 14, 1875. The people of this country were in no way consulted in respect to this transcendent measure of making debts solvable only in a single metal, the control of the value of which rests substantially with the three banks of England, France, and Germany, which possess nearly the whole of the disposable stock of that metal.

Notwithstanding the extraordinary supplies of gold since 1848 from California and Australia, supplemented more recently by new supplies of silver from Nevada, a majority of the commercial nations, which were all paying coin in 1848, have since been obliged to suspend such payments. During this time, the metals exported from the suspending countries, together with current supplies, have barely maintained the level of prices in the few countries still paying specie. Supplies from suspending countries have nearly come to an end, as there are but three or four commercial countries left which now maintain specie payments. The question, therefore, seems to be a serious one, whether both the metals together are not inadequate for the advancing wants of the world.

During this time, only one important country, Great Britain, has been able to maintain payments in gold. Such is still the scarcity of that metal, notwithstanding a production since 1848 amounting to \$3,215,000,000, that the pending effort of one other important country, Germany, to establish a gold standard, has precipitated a monetary convulsion throughout the world without example in its extent and intensity, and the final results of which it is impossible to foresee, and has inflicted upon Germany itself an industrial prostration which menaces the most serious social and political disturbances.

The attempt of a third country, of the importance of the United States, to establish a gold standard, while the production of that metal is still stationary or declining, will be a ruinous failure, or, if it succeeds, can only do so temporarily and through the destruction of all the productive interests of the country. A detailed statement cannot be made which will show that there is now more than \$1,600,000,000 in gold coin and bars in the western world. That the current supply is not more than the current consumption, is shown by the fact that no increase of the aggregate stock since 1865 is anywhere visible. On the 3d of August, 1872, the London Economist published tables proving that the annual excess of gold imports into Great Britain over exports, from 1858 to 1871,

averaged five millions sterling, showing that amount to be needed annually to keep up the British stock. On the 16th of January, 1875, the Economist reiterated its convictions:

The annual supply necessary for England alone is £5,000,000.

Five millions sterling for that single country is one-fourth part of the present total gold production of the world.

At the lowest calculation \$300,000,000 in gold would be required to enable the Government and banks of this country to resume and maintain specie payments in gold. This amount is about 20 per cent. of the entire stock of the western world. No such draught can be successfully made upon that stock without causing a ruinous fall in gold prices everywhere. These considerations should call a halt in the attempt to chain this country to a metal whose supply, without any demand from this country, has been insufficient to prevent the general decline in gold prices which has been a continuing one for several years and is still unchecked.

The resumption of specie payments in gold is said to be an easy task, because the premium on gold is now reduced to a small percentage. It would be easy if resumption involved only a reduction of commodities from their present valuation in greenbacks to their present valuation in gold. But what is really involved is a reduction from present prices in greenbacks to the prices in gold, which would prevail after gold was enormously enhanced in value by the new demand and competition for it with other countries, which gold resumption in this country would inevitably cause. The premium on gold in greenbacks is small, but the premium on gold in Bank of England notes was still smaller in 1821, when the British resumption of specie payments in gold resulted in a most ruinous reduction of the prices of property and of the wages of labor. The value of gold is not at all the same thing before and after a sudden and new demand for it to the extent of hundreds of millions of dollars.

With the history yet fresh of the British gold resumption, which brought ruin upon a generation, there can be no excuse for repeating the fatal error of David Ricardo, the leader in that disastrous work, that resumption means only an appreciation of paper equal to the difference between paper and gold before the resumption.

In the debates in the British House of Commons on gold resumption, May 24, 1819, Mr. Ricardo said:

The question is not deserving half an hour's consideration of the house. The difficulty is only that of raising the currency *three per cent.* in value. And who can doubt that, even in those states in which the currency is entirely metallic, it often suffered a variation equal to this without inconvenience to the public?

William Ward (Remarks on the Commercial Legislation of 1846), quoted in Doubleday's Life of Sir Robert Peel (vol. 1, page 245), says:

Mr. Ricardo lived to change his opinion, and shortly before he died (1823) expressed that he had done so. The late Sir W. Heygate was with him, and he said: "Ay! Heygate, you and the few others who opposed us on the cash payments have proved right. I said the difference at most would be only *five per cent.* and you said that, at the least, it would be *twenty-five per cent.*" This is stated on the authority of the late Alderman Heygate. It is a pity that Mr. Ricardo did not, as some atonement to his country for the tremendous mischief he then, past doubt, occasioned, publish this recantation under his own hand.

If, however, what is intended is not an actual resumption of specie payments in gold, and the actual and constant convertibility of greenbacks and bank notes into gold, but only the appreciation of greenbacks to a nominal parity with gold, and if greenbacks are to continue to be the ordinary currency of the people and gold is still to be used only for the

payment of import duties, an immense injury will have been inflicted upon the country without any commensurate benefit. There would still be fluctuations, depending upon the course of foreign trade in the relative value of gold and greenbacks, and calculations of the greenback price of gold would be no easier at $100\frac{1}{2}$ than at 105. Any resumption not based upon a large and adequate supply of gold would be a delusion and a snare, leaving the country exposed to the changes and chances of commercial and political events abroad. The business of the country would be always disturbed by the fear or fact of suspension. A merely nominal resumption would be a baseless air-built castle, liable to be toppled over by every breeze.

If a parity of the national currency with specie is to be treated as resumption, that currency has already reached not merely a parity with, but a premium of 3 per cent. above a specie (silver) dollar, which was a full legal tender when specie payments were suspended. To that resumption, the only one that law or equity could demand, there is no present impediment except the interdiction of the coinage of that dollar.

The United States a silver-producing country.

The United States is the largest silver-producing country in the world, furnishing, in fact, rather more than one-half of the total supply. Although there is no good reason to expect any great and sudden enlargement of the silver yield of this country, our argentiferous territory is wide and is being vigorously explored, and the facilities of all kinds for that species of mining are being constantly enlarged. From the nature of things, silver production rises and falls more slowly than that of gold, but we may expect the occasional discovery of rich veins, and a steady increase of the capital invested in silver mining, unless the value of silver be depreciated by demonetization. And the first impression, at any rate, must be that it is a singular policy for the greatest silver-producing country in the world to co-operate in movements to depreciate the value of the product.

In a report made to the United States Senate, June, 1868, recommending "*a single standard exclusively of gold*," and assigning four reasons therefor, Mr. Sherman, of Ohio, gave the first place to the following:

The United States is the great gold-producing country of the world, now producing more than all other nations combined, and with a capacity for future production almost without limit.

Mr. Sherman was misinformed as to the facts. The United States have not produced as much gold as all other nations combined in any year since 1850. Its production in 1868 was \$48,000,000, and that of all other nations \$72,000,000. But if the supposed fact in 1868, that the United States produced more gold than all other nations, was a good reason for making gold the sole money standard, the real fact that the United States now produce more silver than all other nations seems to be at least as good a reason for retaining that metal in its old place in the double standard.

It is said that, although we produce silver largely, we produce gold quite as largely, and that it may be some time before there is such an excess of silver-production as to cause a material depreciation in its value.

The suggestion made is, in substance, that if we lose by the depreciation of silver resulting from its demonetization, we shall gain as much or more, or at any rate, some considerable offsetting advantage by the

appreciation of gold. That seems to be true if we do not look beyond the direct gain of the rise in the value of the gold that we produce. But, as, in the case supposed, gold is to be the measure of the value of everything else, a rise in the value of gold means a fall in the prices of all commodities and all forms of property. And as gold measures commodities and property so immeasurably exceeding itself in value, no rise in its value can be a compensation for the losses it must cause. If no better indemnification is proposed for the ruin of our silver-mines than such an appreciation of gold as will reduce the prices of property of every description to a ruinous level, aggravate the burden of debts, and arrest the industrial progress of the human race, the indemnification is an immeasurably greater calamity than the loss for which it is proposed as a compensation.

The trade relations of the United States with Europe and with other parts of the world compared.

It is often said that we should conform our money standard to that of the commercial nations—that is to say, of England and Western Europe—rather than to that of Asia, Africa, and Central and South America; and that we should have the gold standard because England and Germany have it, and because the same standard will, it is predicted, be adopted by the other nations of Western Europe.

This suggestion involves two ideas, both erroneous; *first*, that trade with commercial nations is specially advantageous and more worthy of cultivation than trade with non-commercial nations; and, *second*, that trade between commercial nations is facilitated by uniformity in their money standards.

The traditional ideas of mankind have certainly always been that it is the greater or less degree of commerce with the East which determines the commercial position of nations. It is a familiar and general belief that it was the control of the trade of the Orient which aggrandized Tyre and Alexandria in ancient times, the Italian cities of the Middle Ages, and, after a change of the route to the East by the doubling of the Cape of Good Hope, first Portugal, then Holland, and finally, and to the present days, England.

It was in pursuit of the prize of the oriental trade, to be reached by a new route to the Indies, that Columbus discovered America, which he did not seek. It was the control of the oldest route to the Indies that fired the ambition of Napoleon and suggested his Egyptian campaign. It is because England knows that its commercial supremacy depends upon Asiatic trade and upon keeping open the road to India, that it made the sudden purchase, a few months ago, of an interest in the Suez Canal, at a cost of \$20,000,000. The danger that the threatened war between Russia and Turkey will not be confined to those two countries, is the certainty that England will defend its connections with Asia against all comers, and especially against any territorial advance of Russia which may menace them. When that vital point is assailed, England will bristle with war, to be waged with all its forces by land and by sea, with or without allies, tooth and nail, to the last man and to the last pound sterling.

Being in the same general climate, on the same plane of civilization, and with a near equality in the perfection of the industrial arts, the western nations of Europe seem to be naturally our commercial rivals rather than our customers. And this is so, with the large exception

which arises from our ability to supply certain raw products and agricultural staples.

Describing our situation summarily, it may be said that our commercial intercourse with Western Europe consists of two parts :

First, the export of articles indispensable to Europe, such as cotton, the cereals, tobacco, and the products of animals, a trade which needs no stimulation or favor of any kind.

Second, the import from Europe of manufactures. This is a trade which all parties and the representatives of all shades of economical opinion in this country wish to see steadily diminished and eventually terminated. The reasons which conduce to this uniformity of desire are very diverse, as also are the modes proposed to accomplish the object sought. Some propose protective tariffs and high duties as the best means. Others maintain that the better if not the only way to keep out European manufacturers is by the production in this country of superior articles at lower prices, and that this is only possible with free trade or simply a revenue tariff and cheap raw material. But, by whatever way it may be reached, a diminution, tending always to an extinction of imports from Europe, is universally desired in this country.

It is in trade with other parts of the world, in less advanced stages of civilization, or with essentially different systems of civilization, or with essentially different raw products resulting from marked diversity of climates, that we find the natural outlets for our manufactures, and in many cases the opportunity for a mutually advantageous exchange of native productions. It is not perceived that that trade can become too large. All interests and opinions favor its expansion, and, unlike the trade with Western Europe, its existence and extent depend upon the wisdom and vigor of our efforts to secure and increase it. Our trade with England would be but little affected if we should be entirely passive in relation to it. With China, on the other hand, we have no trade which we do not actively seek. Commercial nations will seek after our trade. We must ourselves seek after trade with the non-commercial nations.

It is by no means clear that trade between nations is either increased or facilitated by a concurrence in their standards of money. But even if it were so, the double standard would meet all requirements better than the single standard. It would tend to keep constantly available a sufficient stock of both metals for the trade of either gold or silver standard countries.

However it may be in respect to trade with non-commercial countries, it has never been shown that diversities of money, however arising, whether from single standards of a different metal, or from systems of irredeemable paper currency, are any hindrance to trade between commercial countries. Whatever the moneys of such countries may be, they are always interconvertible at known and not widely-variant rates. There is no property on sale in London for which the holder would refuse payment in silver or in greenbacks at the current rates of exchange; and there is no property on sale in New York for which the holder would refuse payment in Bank of England notes at the current rates of exchange. Greenbacks are not a legal tender in London. Silver is not a tender there. Neither are American gold eagles, and both greenbacks and silver are as readily convertible into sterling money as gold eagles are. The irredeemable paper currency existing in this country since 1862 has not obstructed its European trade in any degree whatever. The trade of England with commercial countries was not obstructed when it had an inconvertible paper currency from 1797 to 1821. The paper

moneys of Russia, Austria, Italy, France, and Brazil, although differing greatly in their value relatively to gold and silver, are no hindrances to their trade with each other, with the United States, or with European countries having metallic standards. Various nations in Europe, in close proximity to each other, or having large intercourse with each other, have had different single metallic standards, without experiencing any inconvenience from that circumstance. The single silver standard existed in Holland from 1847 to 1875, and in Germany from 1857 to 1871, but the large trade of both with England, having a single gold standard, was carried on during those periods with undiminished facility.

The long and still continuing difference of currency between England and its greatest dependency, India, is a striking illustration of the fact that trade between distinct peoples is not obstructed by the difference in their money standards. Both are parts of one empire, and the coinages of both are impressed with the head of the same ruler, but the British sovereign is not a good tender for a debt in Calcutta, nor is the Indian rupee a good tender for a debt in London. Cases are said to have occurred of such extreme financial pressure in both those cities that loans of money, that is to say, silver, have been refused at Calcutta on a pledge of sovereigns, and that loans of money, that is to say, gold, have been refused in London on a pledge of rupees. No difficulty has ever arisen in the immense trade between Great Britain and India from this difference of currencies, although this is doubtless due in part to the exceptional circumstances which have given to England a large and constant supply of silver, notwithstanding that its standard money is gold.

A fact, less striking in some aspects, but more so in others, is the difference in the actual currencies of the Atlantic and Pacific States of this Union. The difference is not made by law, but is a matter of choice on the part of the people of the Pacific slope. They judge that it has advantages for them, and both they and the people on the Atlantic perceive that it is not in the least degree obstructive to their mutual intercourse. There is no more difficulty in translating the greenback prices of New York into the gold prices of San Francisco, than there is in translating pounds avoirdupois into French kilograms.

A distinguished writer, J. E. Cairnes, professor in the University College of London, in a recent work (1874) on Political Economy, says:

"It appears to me that the influence attributed by many able writers in the United States to the depreciation of the paper currency, as regards its effects on the foreign trade of the country, is, in a great degree, purely imaginary. An advance in the scale of prices, *measured in gold*, in a country, if not shared by other countries, will at once affect its foreign trade, giving an impulse to importations, and checking the exportation of all commodities other than gold. A similar effect is very generally attributed by American writers to the action on prices of the greenback inconvertible currency. But it may easily be shown that this is a complete illusion. Foreigners do not send their products to the United States to take back greenbacks in exchange. The return which they look for is either gold or the commodities of the country; and if these have risen in price in proportion as the paper money has been depreciated, how should the advance in paper prices constitute an inducement for them to send their goods thither? The nominal gain in greenbacks on the importation is exactly balanced by the nominal loss when those greenbacks came to be converted into gold or commodities. The gain may, in particular cases, exceed the loss, but, if it does, the loss will also, in other cases, exceed the gain. On the whole, and on an average, they cannot but be the equivalents of each other."

The trade between commercial countries is an exchange of commodities, made directly or indirectly. The settlements in money are trifling, temporary, alternating, and are always made in the money of the country which has the balance of trade for the time being in its favor. The office of money in the intercourse of commercial countries is merely that of measure, description, and reckoning. Diversities of moneys can occasion only trifling inconveniences, similar to those arising from diversities of weights and measures, and of length and capacity. The inconveniences arising from a diversity of languages are very much greater. All these diversities exist, and are likely to exist, and none of them produce any direct and material effect upon commerce. The trade of this country with Europe is not affected by the money in use here, any more than the foreign trade in cotton cloths would be affected by an elongation of the yard from three to six feet, which would simply reduce the number of yards and increase the price per yard, in an invoice of that commodity. It is not in its relation to European trade that the question of the money of the United States is of any importance. It is in its internal and domestic effects, in its effects upon the equity of contracts, and upon the real burden of an incomputable mass of debts, and upon productive interests and the wages of labor, that the money question becomes overshadowing and transcendent.

Trade with the non-commercial nations whose money-metal is silver, and especially with China and India, whose exports always exceed their imports, presents somewhat different conditions. It has been claimed by very high authorities, as an advantage of the double standard, that it tends to keep on hand an available stock of silver, and thereby facilitates trade with such nations.

The French Baron Rothschild insisted strenuously upon this point in his evidence before a French monetary commission in 1869. He said that France frequently needed silver, as to pay Russia for wheat when the home crop failed, and always had it, because the double standard kept it in the monetary stock, but would not have it if the gold standard should be adopted. His language was:

If the coinage of silver was suppressed in France, less would come here, as it would no longer be attracted by the facility which commerce now has of converting it into money. It is this power of converting the bullion into money which attracts silver to France, and causes it to remain, even when the price is for the moment too high to admit of its being coined.

The circulation of silver serves as a reserve, when, by reason of the failure of the harvests, it is necessary to buy corn in countries in which, as in Russia, the current money is silver. If that metal should be reduced to merchandise in France, as it is in England, commerce would have less facility in procuring it, and the reserve of it in the country would disappear.

And the event has shown that now, only a few months having elapsed since the coinage of silver was suspended in France, not a single ounce of bar silver can be purchased in Paris.

It is only from peculiar circumstances that England has suffered so little from this difficulty. It is said of London that it is such a great commercial center that everything may be found there at any and all times. The demand in London for silver for transmission to the East is large and constant, and, as a consequence, nearly all the silver supplies of the world have been, until quite recently, sent there for sale. Silver is, generally, in sufficient stock there to meet all demands, although at exceptional periods, as when large amounts were required to balance the large English imports of cotton from India during our civil war, considerable difficulty was experienced in obtaining it. But, with all these special facilities of England, Sir Robert Peel, in framing the law of 1844,

which still governs the Bank of England, provided that one-fifth of its bullion might be kept in silver, his language being that this "*was a proper remedy for the inconvenience of our standard differing from that of other nations.*"

The first impression might be that the United States, producing silver so largely, would always have it on hand in sufficient stock, even if the gold standard should be adopted. But miners, of course, sell it as fast as they produce it, and as nobody can keep it as money it would pass at once to foreign purchasers. A remarkable proof of this is the statement in the recent report of the Director of the Mint, that there is not now in this country, exclusive of plate, manufactured articles, and subsidiary coinage, more than the insignificant sum of three millions of dollars of silver.

Our trade with what are called the non-commercial countries, and especially with Asia, all of them using silver, and most of them using it as a sole currency, considered with reference to either its actual or possible magnitude, presents aspects of prime interest. It is in that trade mainly that we must look for outlets for our manufactures. It is on the field of that trade that we must contend for the palm of commercial supremacy with our European rivals, and the contest is too close to admit of the heedless throwing away of any advantage. We must favor intercourse with Mexico and South America, by being in a condition to give them the best prices for all the results of their mining industry, and with Asia, by the abundant and constant possession of the metal which will command its products.

All the known great deposits of silver in the world are found on this continent. It cannot be obtained without an outlay of capital and labor, but on this continent, like the fruits of Agriculture, it can only be had when capital and labor are applied to its production. This is not true of gold, either on this continent or elsewhere. Everywhere along the vast range of the Cordilleras, from Cape Horn to Alaska, are to be found deposits of silver-ores. Nature has thus placed in American hands an everlasting supply of the metal which Asia has always required. To demonetize silver ourselves, and thereby to use the weight of our influence in the direction of demonetizing it everywhere, is to throw away gratuitously one of the special and distinguishing commercial resources of the New World.

The comparative effects of the double and single standards upon the stability of the money-market in the United States.

It is important to consider whether the steadiness of the money-market in this country will be best secured by the exclusive use of the money of England, or by using a money of which one of the constituent elements is the currency of the non-commercial nations.

England has been conspicuous, certainly for two generations, for the frequency and violence of its commercial, banking, and monetary panics. The rate of interest of the Bank of England was changed two hundred and twenty-three times in the twenty-seven years beginning with 1847, and the range of fluctuation was from $2\frac{1}{2}$ to 10 per cent. It is now 2 per cent. In the one hundred and twenty-two years preceding 1816, when the gold standard was adopted, there were only sixteen changes, and the rate never fell below 4 or rose above 6 per cent.

The frequently recurring crises in the London money-market have been ascribed by high authorities to the existence of the narrow basis of gold.

In testimony given before a parliamentary committee in 1828 Alexander Baring said :

A sudden change from peace to war, a bad harvest, or a panic year arising from overtrading and other causes, immediately impose upon the Bank of England, which is the heart of all our circulation, for the purpose of protecting itself, to stop the egress of specie; sometimes even to bring large quantities into the country. These indispensable remedies are always applied with more or less of restriction of the currency and consequent distress. * * * No care or prudence can enable the great bank to avoid occasional resort to those measures of defense. * * * It is evident that the bank, wishing to re-enforce the supply of specie, can do so with infinitely increased facility with the power of drawing gold and silver, than if it were confined to one of the metals. * * * The greater the facility of the bank to right itself, the less frequent will be those sudden jerks and changes so fatal to credit and commerce.

Similar views were expressed in a pamphlet issued by Lord Ashburton (of the house of Baring) after the crisis of 1846.

A more general reason for the instability of the London money market is, that as the English surpass all other people in opulence and commerce, so do they surpass all other people in the magnitude of their commercial and banking credits. The credit system, which is a part of modern civilization, and which has grown with its growth and strengthened with its strength and is one of its glories and necessities, like most other beneficent agencies, brings with it some disadvantages. One of the greatest of these is its tendency to produce commercial and financial crises, which the wit of man has as yet found no sufficient means to prevent.

In contrast with the violent monetary fluctuations of England and the less violent fluctuations of the other highly-civilized nations of Western Europe are the stationary conditions and the repose of the non-commercial nations, and especially of Eastern Asia. There may be nothing praiseworthy in this quietude, but it is none the less an existing condition, and it is one of the consequences of this condition that Asia never disturbs the world with bank panics, or with any "*jerks and changes*" in its demand for silver, which is its money. It takes more or less of it, only as the moderate fluctuations of actual commerce enable it to command more or less.

Of all the reasons for adopting the gold standard, this reason, to persuade that it is the standard of England and may become that of all Western Europe, should dissuade us most. We have causes enough of fluctuations in our own internal condition, and in the sanguine and enterprising character of our people, without adding to them, if we can possibly avoid it, that of an identity of currency with a quarter of the globe most subject from the nature of things to currency crises and disorders.

It was this view which governed the statesmen of Holland when they adopted the single standard of silver in 1847. Their reasons, as given in a letter of S. Vissering, professor of political economy in the University of Leyden, published in the *Journal des Economists* (January, 1876), were—

Because England, which then almost alone had the standard of gold, was subject to frequent monetary crises, and that by adopting the same rule we should run the risk of being involved in those crises.

Because the mass of silver in circulation, and the conditions of the production of that metal, give it a fixity of value to which gold could not pretend.

The views thus held in Holland were expressed in 1871 in the following more energetic language of an English economist (*London Statistical Society*, vol. 34, page 352):

England is the peculiar seat of monetary crises, just as Egypt is of the plague and India of the cholera. The monetary plagues are the bane and opprobrium of our country.

In addition to the irregularities of its production, gold lacks sufficiency of mass to give it steadiness. It is necessarily so subject to "*jerk*s and *changes*," that to use it as an exclusive standard must reduce all business to gambling. No merchant can buy goods with gold to be sold for gold a year afterward, or even a few months afterward, without being subjected to a heavy risk. If he covers the risk by extra profits in the nature of insurance, he must impose a heavy tax upon those who deal with him. Whoever enters into a contract to pay gold in one, two, or three years cannot, by any possibility, foresee what its value may be when the contract matures. Gold, when unsteadied by silver, is as unstable as water. The long experience of England has shown it to be one of the most fluctuating, treacherous, and dangerous currencies ever devised. The present head of the British ministry said, three years ago, that England did not become rich by adopting gold, but adopted gold because it was already rich. He might have added that it was only the great wealth acquired by England under a sounder and better system which has enabled it to endure the mischiefs of a currency which has made it "*the peculiar seat of monetary crises, just as Egypt is of the plague and India of the cholera*." If England was not the creditor of all the world on gold contracts, and if that consideration did not really dominate over everything else in determining its policy, it would abandon a system which is its "*bane and opprobrium*."

It is one of the admitted advantages of our present system of irredeemable paper, that it shelters us from the recurring demands for gold by the Bank of England. The London revulsion of 1866, when one banking-house (Overend & Gurney) went down with liabilities of ninety millions of dollars, was scarcely felt here. With a currency of gold, or of paper convertible into gold, we should feel instantly every change in Europe, and especially in England. We should not altogether escape that influence with the double standard of gold and silver, but at any rate, with such a standard, one part of our currency would be secure from European perturbations.

The dollar and the pound.

It was suggested in various forms of language by some of the witnesses examined by the commission that the British gold sovereign, or pound sterling, is for the world the generally accepted monetary unit of value, and is the best known and most widely used form of money, and that this is a reason for the adoption of the single gold standard by the United States. And in this connection it is said that even our purchases in the East, when made with money, are not made by sending silver, but by sending bills of exchange, drawn on, accepted in, and payable in London, and in the money of London. And the inference is drawn that such bills have a world-wide acceptability, in consequence of the particular currency in which they are payable. But, manifestly, the availability in distant regions of such acceptances depends wholly upon the credit of the acceptors, and in no degree upon the money in which the bills accepted are expressed.

Such acceptances were equally available when pounds sterling signified Bank of England notes, as they did from 1797 to 1821, as at present, when they signify gold sovereigns. The availability of such acceptances depends upon the fact that London became early the central point of the wealth, banking, and commerce of the world, and has banks, bankers, and commercial houses, the solidity of whose credit is everywhere

known. The pre-eminence of London in these particulars, fairly won and fairly maintained by solid traits of national character, must be admitted to still exist, but it is weakened sensibly by the advancing rivalry of New York, and may soon be by that of San Francisco. "Who shall say," to quote the words of Governor Morgan (report to United States Senate, June 9, 1868), "that the course of trade may not make an American city, New York or San Francisco, the center of exchange, and confer upon us the advantages so long enjoyed by European capital?"

In the United States Senate, March 9, 1870, the pending proposition being to authorize the refunding of the national debt in bonds payable in London, Paris, Amsterdam, and Berlin, in pounds, francs, and thalers, the late Mr. Sumner opposed it, exclaiming:

I cannot forget my own country, nor can I forget that great primacy which I hope to see her assume in the money-markets of the world. New York is our natural money-center. Why should we revolve about European money-centers? Let us keep our own center here at home.

There may be merchants, wedded to an accustomed routine, who believe that it is only through the circuitous and clumsy expedient of a bill of exchange on London that America can pay silver in China. But this will not be credited by the active men of the present generation, who can better realize that we have now a great and opulent city on the Pacific, within thirty days' steaming of Japan and China, which is the gateway of our silver mines, and which would hold their products always in large stock if silver were remonetized. London, at any rate, realizes it, and it is stated in a recent number of the Economist, of that city, that "London merchants now pay for their tea and spices by telegraphing to San Francisco orders for the shipment of American silver." And if it is not true to-day, the time is not distant when it will be true, that to whatever extent commercial and bankers' acceptances are used by us in the East in lieu of coin, they can be obtained in San Francisco more advantageously than in London. Some of the greatest banking-houses in Europe, including the Messrs. Rothschild, are already represented by agencies in San Francisco.

It is no disparagement to the pound sterling, which represents the opulence and good faith of English merchants and the unvarying integrity of the English coinage, to say that the silver dollar has been longer known, is more widely used, and is more familiar to mankind than any other coin of either metal. It was in common use in 1785, when the American Congress adopted it as the unit of account. The credit of our decimal money is due to Mr. Morris, but it was Mr. Jefferson who proposed the dollar as the unit of account, and, in his paper addressed to Congress, he assigns as the reason, that the Spanish silver dollar was "*familiar to the minds of the people, and already as much referred to as a measure of value as the respective provincial pounds,*" although our British connection had been so recently severed. We had come by the dollar naturally, from our proximity to and growing trade with Spanish America. It was through Spain, as the sovereign of the silver-mining regions of this continent, that the world received its metallic supplies for centuries, and that the silver dollar became everywhere known. But it is said, and appears to be true, that Spain received the dollar from Austria during their union under Charles V, and that it was first coined from the silver of the Bohemian mines as the "thaler," which name it yet bears in Germanic countries.

If there are Americans who are gratified to concede that the pound sterling is and must remain the world's unit of monetary value, there

are Englishmen who reluctantly yield the palm to the silver dollar. Jevons, discussing the question of the probable international unit of the future, says (Money and Exchange, page 170) of the Spanish and Mexican silver dollars, that "these coins have for a hundred years past been received by tale almost without question in most parts of the world." On page 172, he says that "the Americans might have much to say in favor of the dollar. It corresponds to the coins which have for two or three centuries been most widely circulated and treated as units of account, so that there is much weight of experience in its favor." And again, on page 179, he says that "the fact that the dollar is already the monetary unit of many parts of the world gives it large odds.

For us, this question was settled by our revolutionary ancestors in 1785, and by the mint act of 1792, which bears the approving signature of General Washington. And it is a noteworthy fact that General Washington is connected with the silver dollar, not only by his approval of the act of 1792, but by his indorsement of the memoir of Mr. Jefferson which led to the adoption of the silver dollar unit in 1785. (Washington's letter to Grayson, in Sparks' Life of Washington, vol. 9, page 125.) The silver dollar has thus the sanction of the solid and practical sense of General Washington, added to that of the learning, genius, and philosophy of Mr. Jefferson. It is as much a tradition of the United States as their national military air, or their national flag, and it is a policy as well as a tradition.

Money in shrinking volume the primal cause of the present universal commercial and industrial depression.

The real cause of the present universal derangement of commerce and industry must be ascertained before the proper remedy can be devised. The causes assigned are various and contradictory. Many of them never had any existence in fact. Others are inadequate or absurd in themselves, or by reason of being confined to narrow localities or special-interests, cannot have produced a mischief which reaches all places and all productive interests.

Overproduction is one of these alleged causes, although food, clothing, houses, and everything useful to mankind, are and probably always will be in deficiency, as compared with the needs of them. The constant effort of the human race is and ought to be to multiply production. The aggregate effective demand for products, that is to say, the aggregate demand accompanied by an ability to purchase, always increases with production. Supply and demand mean substantially the same thing, and are nothing but two faces of the same fact. Every new supply of any product is the effective basis of a new demand for some other product. The capacity to buy is measured exactly by the extent of production, and there is practically no other limit to consumption than the limit of the means of payment. Overproduction of particular things may occur, but that is soon corrected by the loss of profits in producing them. Overproduction in the general and in the aggregate is impossible. The contrary opinion will be held only by those who regret the discovery of the steam-engine, the spinning-jenny, and the sewing and thrashing machines, and who believe that while mankind have the skill to devise methods of increased production they have no capacity to provide for the distribution of the products of industry. Production is the sole and only source of wealth, and in fact is but another name for wealth. Overproduction must therefore mean superabundant wealth, and the idea that either superabundant wealth or superabun-

dant facilities for producing it can be the inciting cause of rapidly spreading poverty is repugnant to the common sense of mankind. All reputable authorities concur in treating the idea of a general overproduction as the idlest of fancies, and wholly unworthy of serious notice.

Too many railroads are said to have been built, when it is clear that there is an urgent need for more. Undoubtedly a too rapid construction may create an abnormal demand for and rise in the price of the special materials required in railroad building and may possibly cause an abnormal advance in the interest on money by absorbing too much floating capital in a fixed form, but such evils are self-corrective. Railroad-building will always halt under such circumstances until the cost of materials and of capital ceases to be excessive. The tendency of industry and enterprise to take profitable directions, and to withdraw from those which are found to be unprofitable, needs no other regulation than to be let alone.

Money sunk in railroads prematurely built and at present unproductive is another cause assigned for the existing condition of things. But the loss resulting from labor misdirected is no greater than the loss resulting from the non-employment of labor. One single year of the loss now sustained through the stagnation of industry, caused by falling prices, is a calamity of greater proportions than the total loss from all the badly-planned or unfortunate railroad enterprises of a decade. If it were really true that the labor lost in unproductive works is the cause, or one of the principal causes, of the present distress, the future must be dark indeed for this country, which has had an army of unemployed laborers since 1873, that is still being recruited as industries break down, one after another, under a shrinking volume of money and falling prices. If a few years of the misdirected labor of one hundred, or even five hundred thousand men, has brought on conditions under which three millions are forced to be idle, the evils to come hereafter from the present idleness of that vast number must be incalculable and self-perpetuating. They must prove an endless chain freighted with a constantly accumulating volume of disaster, a Pandora's box with hope left out.

That species of speculation in property and securities which is described as reckless and unsound is said to be one of the causes of the present distress. But even in gambling there can be no more lost than there is won, and the material damage to the community cannot exceed the worth of the time of those engaged in it. The rating of property at higher or lower prices could not result in a destruction of the property, or even in the impairment of its productiveness. It would be deplorable if it were true, but happily it is wholly untrue, that the prosperity of the prudent and industrious is at the mercy of gamblers, of whatever species or degree.

A condition which is universal cannot be explained by local facts, such as the American civil war, the Prusso-French war, or the sudden and great rise in the price of English coal and iron in 1872-'73. The last fact, and the commercial and financial speculations in England connected with it, are much insisted on by English writers as the causes of the present state of things. They forget that the panic and depression in England in 1866-'67-'68 revealed the existence there of an amount of reckless financiering, of frauds in railroads, and of rottenness among bankers and merchants far greater than existed either in England or elsewhere in 1872-'73. The measure of comparison is accurately enough indicated by the Collie failure of 1875 for \$9,000,000, and the Overend & Gurney failure of 1866 for \$90,000,000. That the British financial

collapse of 1866 was not felt in the United States is a matter of familiar knowledge in this country. But it was not even felt in Continental Europe. There is British authority (Journal of Statistical Society of London, vol. 34, page 243) for saying that "*not even a tremor of the crisis of 1866, so terrible for England, passed across the British Channel.*" The mischief was confined to England, because there was not then as now everywhere at work the dry-rot of a contracting money.

Devastations of war in the years immediately preceding 1873 are assigned as one of the conspicuous causes of the depression, and oftentimes by the same philosophers who, by a contrary process of reasoning, assign overproduction as the principal cause. These devastations are described as great enough to have arrested the production and prevented the accumulation and distribution of wealth. In truth, from the French campaign in Italy, terminating (1859) at Solferino, to 1873, there was no war of serious magnitude except the American civil war, and even this war scarcely retarded the increase of national wealth in the United States. The peace of Europe during that entire period was substantially unbroken, and its unprecedented advance in prosperity, following the California and Australian discoveries, was checkered by no pause. The Prusso-Austrian war was an affair of days. The Franco-German war was an affair of weeks, and was only protracted to months by a siege. The war between Austria and Italy consisted on the land of one single day's fighting, and on the sea of one naval skirmish. These several events had political consequences that were momentous, but were so confined in space and time that their effects on commerce and industry were obscure and unimportant, indeed much less important in these particulars than were the effects of the revolutionary struggles in Europe in 1848-'49. The assignment of the devastations of war as a cause of the present distress is as absurd in its logic as it is erroneous in its assumptions of fact. The financial catastrophe of 1873 came, not because the progress of mankind had been previously checked either by war, or other causes, but on account of the precisely contrary fact, that this progress had continued unchecked after the supply of metallic money had become stationary or declining.

It is sometimes said that what is being witnessed is a coming down to solid bottom in prices. But the question of prices is a question of the standard in which they are measured. Wages at \$2 per day, with a currency of gold and silver, are as much on solid bottom as they would be at a lower range with a currency of gold alone, and what are called bottom or bed-rock prices when the standard is gold would in their turn be described as inflated if a new policy should decree that money should consist only of diamonds. Prices are nothing but the expression of the relation between money and other things, and in the end can never express it otherwise than correctly, and when so expressed prices are on the bottom wherever that may be, the range of prices, whether higher or lower, depending on the relation between the volume of money and other things.

It is maintained by many that existing evils are the results of a loss and lack of confidence, and that the sufficient remedy would be found in its restoration. On all occasions they portray in glowing phrase the abounding prosperity which would follow if moneyed and other capitalists would freely exhibit confidence by inaugurating industrial and commercial enterprises. But it is to be observed that they content themselves with recommending confidence to others, while they are careful not to make a practical exhibition of any on their own part. They seem, in short, to be unconsciously influenced by the view that

while they might profit by the confidence of others, confidence on their own part might involve them in losses. The real mischief is not the lack of confidence, but the lack of any legitimate grounds for confidence, and there neither will be, nor ought to be, any revival or extension of confidence so long as the volume of money continues to shrink and prices continue to fall.

Under existing conditions, if by any possibility confidence could be inspired, the consequences would be baneful rather than beneficial.

Similar conditions to those which preceded the panic of 1873 exist in the main to-day. The volume of money is shrinking absolutely and relatively to other things, although perhaps not as rapidly as between 1865 and 1873, and the prices of property are gradually shriveling. The principal difference is that since 1873 the credits extended by moneyed institutions have been largely curtailed or cut off altogether, and consequently the material of which panics are made is not in as great abundance as then. The collapses which are constantly occurring do not make as much noise nor attract as much attention as the explosion of 1873, because they do not occur simultaneously nor conspicuously with public institutions, such as banks, as in 1873, but nevertheless they are constantly taking place in all parts of the country in increasing numbers. All that is necessary to change this monotonous rattle of isolated collapses into a general crash is to restore confidence and credit. As the collapse of 1873 is generally attributed to an overextension of confidence and credit, a restoration of confidence now, when the conditions are the same, must pave the way to a new collapse, and would be placing a dynamite for future explosions under the foundations of business.

It is very necessary to understand in what particulars confidence has been lost before deciding that its restoration is either possible or, under existing conditions, even desirable. It has not been lost in the intrinsic value of real estate or of any useful thing. It has not been lost in the fruitfulness of the soil, or in the ingenuity, industry, or integrity of the people, the stability of the Government, or in the productive powers of labor and machinery. Confidence has not been lost in anything except the possibility of maintaining prices while the volume of money is being shrunk by existing legislation. Confidence has been lost that capital invested in productive enterprises can be returned with a profit, or even intact, to the investors. Its restoration while present conditions remain is impossible, and would work mischief if it were possible.

It is stoutly affirmed by many that the present stagnation is the result of uncertainty as to the future value of the paper money of the country. If there were any such uncertainty, and if there were, consequently, possibilities of a rise as well as of a fall in prices, the adventurous temper of the businessmen and the people generally would cause active investments and purchases, as was illustrated during and immediately after the civil war, when such an uncertainty really existed. The true cause of the stagnation is to be found in the opposite fact. Instead of it being an uncertainty as to the future value of paper money, it is the absolute certainty that, under present legislation, paper money must still increase in value and that prices must continue to fall.

The statement that there was any general rise of prices during the two or three years prior to the crisis of 1873 is wide of the mark. The highest range of prices attained was in or about 1865. From that year on to 1873 there was a general tendency to a fall, but such was the momentum which extraordinary metallic supplies had previously given to them that they continued comparatively firm for seven or eight years

after their metallic support had become insufficient, and after they were left to stand in part upon the treacherous foundations of credit. In 1873 those foundations suddenly gave way, and prices, property, banks, and business houses went down with a crash. In this country, as is familiarly known, it was only by mortgages that the nominal prices of real estate, the largest and principal description of property, were sustained during 1871-'72-'73. Even by this means it was only in rapidly growing cities and towns that real estate prices were kept up, while during the same period, and for several years immediately prior thereto, the prices of agricultural lands were abnormally low. Without doubt, the prices of a few commodities were high in 1871-'72-'73, but only from exceptional causes. Iron was abnormally high in those years from a sudden expansion of railroad building, and this led to great speculations, notably in England, in iron and coal. But the high prices of these articles do not prove a high level of general prices in those years any more than the high prices of cotton proved a high level of general prices during and immediately after the American civil war. The tendency of prices was already downward in 1873 when their fall was hastened and intensified by the demonetizations of silver by Germany and the United States.

The true and only cause of the stagnation in industry and commerce now everywhere felt is the fact everywhere existing of falling prices, caused by a shrinkage in the volume of money. This is in part the misfortune of mankind, as the mines have failed for several years, under energetic working, to yield the precious metals in quantity sufficient to keep pace with the increasing needs of the world for money. But it is in part due to the folly of mankind in throwing away a benefaction of nature by discarding one of the precious metals. Existing evils date with that folly, which precipitated and now enormously aggravates them.

Many learned and excellent persons and associations of persons in all parts of the world, whose instruments of observation seem to have been adjusted for the examination of remote objects, and, consequently, unfitted for and a hindrance to the inspection and examination of anything near at hand, have furnished many far-fetched, incomprehensible, and impossible causes for existing evils, which agree in nothing except their remoteness. They have seen through a glass darkly or they would have discovered that the cause was all around and about them; that it is the same cause that has invariably preceded and accompanied similar evils. They would have seen that money in shrinking volume was engaged in its legitimate work of ruin. This is the great cause. All others are collateral, cumulative, or really the effects of that primal cause. Practical men see what the mischief is and they all see it alike, and, without formulating their ideas in set words and phrases, they all state it alike. Capitalists, large and small, give one, and only one, reason for refusing to invest in productive enterprises. Uniformly and universally the reason given is that prices are falling and may continue to fall, and that money is the best thing to get and hold while that state of thing continues. All can see that prices have fallen and are falling, although they may disagree, or may not trouble themselves to form any opinion, as to the cause of the fall. And all can see, and do see, that it is falling prices which cause the stagnation of business, with all its necessarily attendant circumstances of an increasing pressure of debts, of decreasing employment and wages of labor, and of diminishing consumption. Falling prices is only another expression for an increasing value of money, and those who desire still further to appreciate the value of money by contracting its volume, desire

still further to reduce prices, and still further to widen and deepen the gulf between money-capital and labor. Money-capital is the fund out of which wages are paid. Capital can only fructify through the employment of labor, and labor is helpless without capital. It is in vain to advise those who depend upon their daily wages for their support, and who possess no capital but their willing hands, to change their places of residence and engage in agricultural pursuits. Even had they the means to emigrate, which most of them have not, they would still have to be supplied with seed, implements, and animals, and with support from seed-time to harvest. It is still more plainly idle to advise them to engage in any species of handicraft or manufacture on their own account. In modern times human labor is available only in connection with machinery and appliances. A policy which tends to a constant fall of prices, and therefore compels capital from the justifiable instinct of self-preservation to withdraw from production, is a policy which reduces laborers to a worse condition than if money were wholly abandoned and the system of barter were re-established. The condition of the laborer is as bad when money-capital is not employed as if it did not exist. The effect of falling prices is the same upon the smallest capitalist as upon the largest. The hope of gain is for all of them the only inducement to take the risks and labor of enterprises, and they will all prefer to consume their accumulations rather than to invest with the certainty of losing them. They will, of course, consume them as slowly as possible, and to that end will reduce their expenditures within the smallest possible limits. Laborers thrown out of employment must in some way have a bare subsistence, but there can be no other sources for it than the scanty earnings of such as are employed, and the capital in existence, which cannot refuse food to the starving.

That shrinking money and falling prices are the cause of existing evils, was pointed out eight years ago by the London Economist, in its review (1869) of the previous financial year. It then said :

It may be safely affirmed that the present annual supply of thirty millions sterling, of gold is no more than sufficient to meet the requirements of the expanding commerce of the world, and prevent that pressure of transactions and commodities on the precious metals which means in practice *prices and wages constantly tending toward decline*. * * * The real danger is that the present supplies should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold deposits in three or four remote and neglected regions of the earth.

Instead of the discovery of new gold-fields, that which has actually happened since 1869 has been a declining production in old ones. The annual supply of \$150,000,000, then considered barely sufficient to meet the demand, has dwindled to \$101,000,000, while during the same period the demand and necessities for money have been constantly and largely increasing. This increasing demand, crowding upon a failing supply, was of itself a great misfortune; but, as if to change unavoidable evils into deliberate ruin, several commercial countries, including our own, demonetized silver. In its review of the financial year 1872 (published March 15, 1873), the London Economist predicted the inevitable consequences in the following language:

At the end of 1872, the (German) gold coinage amounted to twenty-one millions sterling. The following paragraphs from the well-informed city writer of the Daily News gives the latest facts, and properly draws attention to their important character:

“By the present bill, the German Government is certainly paying England the compliment of adopting its single gold standard, but the cost of the measure to the London and other money markets cannot but be great. As the annual money supply of gold

throughout the world is reckoned at little more than £20,000,000, and the usual demand for miscellaneous purposes is very large, it follows that, if the German Government perseveres in its policy, the strain upon existing stocks and currencies will be most severe. Unless the annual production of gold should suddenly increase, the money markets of the world are likely to be perturbed by this bullion scarcity."

These inevitable consequences of the policy of Germany, and of the United States and other countries co-operating with Germany, have been and are now being realized as predicted. But, strange to say, many of those who foresaw and predicted them now deny what the whole world knows to be true, that paralyzed trade and stagnant industry, the necessary accompaniments of "*prices and wages constantly tending toward decline*," are the natural results of the demonetization of silver, which began in injustice and is culminating in disaster. The folly of that policy is only equaled by the folly of hoping that prosperity can be restored while that main and principal cause of existing evils is still at work. What is doubtful is whether even with the use of both gold and silver there may not be a most injurious "*pressure of transactions and commodities on the precious metals*." The fatal effects of discarding either of them are only too clear, and those who advocate it are, wittingly or unwittingly, the enemies of the human race.

A general view of the industrial prostration in Europe, dating with 1873, is presented in the annual tables of the *Moniteur des Intérêts Matériels* of Brussels, a very high authority, of the offerings in the European markets of new shares and new bonds in industrial undertakings, such as mines, railroads, and manufactures. These figures, which, if not absolutely correct, are likely to exhibit accurately the proportions between different years, are as follows:

1872	\$968,362,500
1873	897,450,000
1874	432,450,000
1875	147,637,500

The United States, even if its paper currencies had been left undisturbed, could not have escaped grievous injury from the demonetization of silver. The heavy interest account on its indebtedness held in Europe must be paid by the export of products and their sale at metallic prices, which were certain to fall, and have fallen, through the pressure brought upon European gold markets by the adoption of the single gold standard in Germany and other countries. But the paper currencies of this country were not left undisturbed. On the contrary, they had been constantly and largely contracted from the close of the civil war down to 1873, and a shrinkage in the volume of accepted paper currencies has the same effect upon prices, productive industry, and prosperity as a shrinkage in the volume of metallic money. Between 1864 and 1875 the population of the country using the national currency was nearly doubled by the addition of the people of the Confederate States in 1865, and by the natural increase of both the sections afterward. As a consequence, the productive forces of the country and the demand for money to measure and exchange the fruits of its augmented industry were increased, if not in as great a ratio, at any rate very largely. But during this period the volume of paper currencies was steadily shrinking in the United States, while the metallic money of the specie-paying countries of Europe was undergoing the same process.

Later on, the specie-resumption act (January 14, 1875) was passed. Its true character, as now interpreted, was neither avowed in Congress nor understood by the country at the time of its passage. The phraseology of the act created the impression that there was to be no reduction of the

aggregate of paper money, but that legal-tender notes were to be diminished only as bank-notes were increased. As the act is administered in practice, both classes of notes are being reduced at the same time, while the population of the country is expanding. The words of the act may justify this method of administration, but it was not with that understanding that it was sanctioned by Congress.

A more fatal misconception grew out of the ignorance that prevailed almost universally until after the passage of the resumption act, that silver had been demonetized, and hence, that a law providing for specie payments was really a law for gold payments. The people were not aware that coin then meant gold, and that coin payments involved the shriveling of all values to the measure of a single metal. They were in favor of resumption but not confiscation, and they were not aware that resumption as proposed was but another name for spoliation. Although the period fixed for this spoliation was nominally in the future, it actually commenced at once and is now proceeding day by day. It having been made certain, so far as the law could make it certain, that each dollar of the actual money of the country would, on a given day in the near future, be raised to the value of a gold dollar, the universal tendency was, and has continued to be, to change all forms of property into money, and to refuse investment in either property or productive enterprises. Moneyed capitalists, knowing the disastrous effects which the impending fall in prices would have on the financial condition of borrowers, prudentially withdrew or diminished all credits and hastened to realize on securities. They have never been deceived for one moment by the idle fallacy that resumption in gold involved an appreciation in the value of the legal-tender notes and a fall in prices only to the extent of the present difference between the value of those notes and gold. They know that the appreciation of legal-tender notes must reach that vastly higher level which the value of gold must reach when hundreds of millions of it are demanded for resumption, and that prices will sink to a corresponding point of depression.

It is through these plain processes, that he who runs may read and understand, that the crushing effect of the demonetization of silver is already felt, although practically and legally the money of the United States is still paper. It is through these plain processes, although real resumption in gold is neither possible January 1, 1879, nor on any other day, except through a great and improbable increase of the world's stock of gold or on the basis of universal ruin, that every effort made to reach such resumption by locking up paper or gold is a disastrous step toward bankruptcy. It is through these plain processes that the stagnation and paralysis in commerce and industry everywhere visible, which had already been brought about by a contraction in the volume of money, are being aggravated and intensified as the time approaches for that unknown measure of contraction which will be absolutely necessary to render the paper money of the country constantly convertible into a stock of gold that must be ruinously meager, unless some great commercial country shall consent to suspend specie payments for our especial benefit.

CONCLUSIONS.

Upon the facts and considerations hereinbefore set forth, and after carefully weighing the views presented to them orally and in writing by various persons, the commission submit the following answers to the questions referred to them by Congress:

1. The first question relates to the causes of the recent change in the

relative value of gold and silver, and to the effect of that change upon "trade, commerce, finance, and productive interests of the country."

This commission concur in the following opinion of the British silver commission (1876):

Notwithstanding the late rise in the production of silver as compared with gold, its proportion to gold is still considerably below what it was in 1848, to say nothing of the period when the proportion was 3 to 1; and the conclusion seems justified, that a review of the relations of the metals in times past shows that the fall in the price of silver is not due to any excessive production as compared with gold.

It is not now seriously maintained anywhere that any recent fact in the production of silver is among the causes of its decline relatively to gold.

The causes of the recent change in the relative value of gold and silver are mainly the demonetization of silver by Germany, the United States, and the Scandinavian states, and the closure of all the mints in Europe against its coinage. These principal causes were aided by a contemporaneous diminution of the Asiatic demand for silver, and by enormous exaggerations of the actual and prospective yield of the Nevada silver-mines. The effect of all these causes, principal and accessory, reached its culminating point in the panic of July, 1876, in the London silver market. Many of these causes are essentially temporary. The Asiatic demand for silver has already recovered its accustomed force, and the delusions in respect to the Nevada mines no longer exist. In the opinion of the commission, if the United States restore the double standard, the spread of the movement in favor of a single standard of gold will be decisively checked. The effects of the demonetizations so far accomplished, and of the resulting disturbance of the relative value of gold and silver upon trade, commerce, finance, and productive interests in this country and throughout the commercial world, have been signally disastrous, and especially to the countries which have recently demonetized silver or in which the gold standard was already established. In all commercial countries the same phenomena are simultaneously presented, of falling prices of commodities and real estate, diminishing public revenues, starving, poorly-paid, and unemployed laborers, and rapidly-multiplying bankruptcies. These facts, existing everywhere, must arise from some cause operating everywhere, and no such cause is or can be pointed out except the decrease of the metallic supplies from the mines, and consequently the decrease of metallic money relatively to population and commerce since about 1865, and the larger and more sudden decrease of metallic money caused by the partial destruction of the money functions of one of the precious metals. This distress dates with the law of the United States of February 12, 1873, and the law of Germany of July, 1873, giving practical effect to a previous decree of that empire of December 4, 1871, for the establishment of a single gold standard. The stationary or declining production of the metals had already produced a stringency in the metallic money markets of the world, and as money stringency and panic are near neighbors, the demonetization of one of the metals broke down the partition between them. The demonstration of the nature of the mischief seems complete. What the world has witnessed immediately following a concerted movement to demonetize silver is that fall in prices, ruin of productive interests, and increase in the absorbing power of moneyed capital which could not fail to attend a sudden narrowing of the measure of values. Prior to 1873 prices were regulated by the general existence of a measure of values consisting of the two metals of about equal proportions in the world's stock. To annihilate the monetary function of one must greatly increase the purchasing power of the

other, and greatly reduce prices. As all debts, public and private, in Europe and America had been contracted while the double standard was in practical operation, their weight, always burdensome, became crushing when made solvable exclusively in one metal. Silver, to the amount of three thousand million dollars in coin, the accumulation of fifty centuries, is so worked into the web and woof of the world's commerce, that it cannot be discarded without entailing the most serious consequences, social, industrial, political, and commercial. The evil is enormously aggravated by selecting gold as the metal to be retained, and silver as the metal to be rejected.

The supply of gold is diminishing, being now but little more than half what it was in 1852, and is always so fitful and irregular from the method of its production that it is ill suited to be a sole measure of values. Placer-washings require little or no capital, and are soon exhausted. Silver, on the other hand, is found in veins which extend to great depths, the development of which can neither be commenced without capital nor abandoned without the loss of heavy investments. Its production is, therefore, comparatively steady and permanent, and it is this steadiness in the production of silver, together with the vast stock in use as money throughout the world, which is the moderator of the fluctuations of gold, and which, during the sudden and enormous additional supplies of gold since 1848, saved the commercial world from ruinous disaster. The Californian and Australian placers would have inflicted practical confiscation upon the creditor classes if the silver, which many of them now seek to discard, had not protected them.

The exchanges of the world, and especially of this country, are continually and largely increasing, while the supplies of both the precious metals, taken together, if not diminishing are at least stationary, and the supply of gold, taken by itself, is falling off. To submit the vast and increasing exchanges of this country and the world to be measured by a metal never reliable in its supply, and now actually diminishing in its supply, would make crisis chronic and business paralysis perpetual.

2. The second question covers the two points of the restoration of the double standard in this country, and of the best legal relation between gold and silver. The commission recommend the restoration of the double standard and the unrestricted coinage of both metals, but are unable to agree upon the legal relation which should be established between them. The views of individual members of the commission upon this last point are hereto appended.

3. The third question relates to "the policy of continuing legal-tender notes concurrently with the metallic standards, and the effects thereof upon the labor, industries, and wealth of the country." The commission do not suppose that it is possible to maintain paper in actual concurrent circulation with coin, unless the paper is made equal in market value to coin, by actual convertibility into it, and that the answer to this question may be embraced in the answer to the fourth and last question, which relates to the resumption of specie payments.

4. The fourth question covers "the best means for providing for facilitating the resumption of specie payments." The opinions of the witnesses examined upon this point, and the views upon it which are contained in written communications addressed to the commission, are various and contradictory. The experience of other countries furnishes little aid in reaching conclusions which can command confidence. The fact in regard to paper money issued directly by governments and having a forced currency seems to be, that it has seldom been redeemed in coin. To redeem the paper issues of a country and keep the coin in circulation has

always been regarded as a very delicate and difficult operation. In the two empires of the present day, covering the greatest extent of territorial area, Russia and Brazil, such paper money has existed, in the first for a century, and in the second for about half that time. In Russia there have been large issues and occasional redemptions at a percentage. In Brazil the paper seems to have been maintained at a close and steady approximation to the value of coin. The only conspicuous example of a government resumption is that of England in 1821. The suspension of coin payments in that case was not in form that of the government, but in substance it was so, from the intimacy of the relations between the government and the suspending Bank of England. The government itself gave up coin payments and tendered nothing to the holders of national obligations but depreciated bank-notes. Nothing seems to be certain, except that the British resumption of 1821, as it was actually accomplished, was followed by an unexampled commercial and industrial depression, covering nearly the period of a generation. The economical writers and authorities of that country do not agree that the resumption was finally effected in the most judicious mode, and still less do they agree as to what would have been a better mode.

It is not possible, therefore, to draw from that historical example much to enlighten us as to the proper policy to be now pursued by the United States. The commission have been able to arrive at only the one single conclusion, that resumption in this country is not practicable under the circumstances, until the existing laws making gold the sole metallic legal tender are repealed. Resumption, while those laws remain in force, is the establishment of an exclusive gold standard in the United States, just as English resumption in 1821 gave effect to the English gold-law of 1816. That the two precious metals together are adequate to maintain existing prices is made at least doubtful by the fact that so many countries have abandoned coin payments within recent years, and have resorted to paper money. The total inadequacy of gold alone is apparent. Germany, Great Britain, and France are the only countries in the world which have any considerable quantity of it, and the maximum estimates of the aggregate amount they have in coin and bars will not exceed \$1,300,000,000. It is not suggested that there are any available and disposable quantities elsewhere. In the opinion of the commission, the total quantities in the Western World are much exaggerated in the average estimates of statisticians.

Germany commenced its march (not yet completed) to a single gold standard unembarrassed by national debt or foreign debt of any kind, and with a tribute exacted from France of \$1,000,000,000. If the German movement, under these favoring circumstances, has resulted in such great commercial disturbance and such general distress, it can scarcely be estimated what financial disasters will befall this country if it shall persist in a similar movement under the weight of enormous debts, public and private. In the opinion of the commission, the remonetization of silver is a measure essential to specie payments and may make such payments practicable. Both gold and silver are found in our own territory, and their production is among the most important of our industries, and both are needed and in the fullest measure to render the resumption of specie payments possible. The problem of resumption is not an easy one under any conditions, but the energies of the American people may be found equal to it, if they are not deprived of one-half of their ancient and constitutional money.

The commission believe that the remonetization of silver in this country will have a powerful influence in preventing, and probably will pre-

vent, the demonetization of silver in France and in other European countries in which the double standard is still legally and theoretically maintained. But if, notwithstanding remonetization here, further European demonetization shall take place, the result for us will be an advantageous exchange of commodities which we can spare, for money which we need. The silver of Europe, disposable in the event of further demonetizations of it on that continent, will come to us, if at all, in payment for commodities, and in transactions which will be free and voluntary on the part of our citizens, who may be trusted to take care of their own interests.

Such transactions will give a much-needed stimulus to our commerce, and cannot fail to be made on terms which will be advantageous to us. Nations cannot suddenly dispose of a considerable mass of either metal without a loss from the temporary fall in its price, and this loss becomes the profit of the purchasers when the old price is recovered. Being flooded with the silver of Europe—now treated by many persons as an alarming danger—is being flooded with one of the precious metals and with money, if silver is remonetized in this country. Silver is the same thing, whether obtained by commerce with Europe or from the mines of America, and those who oppose our receiving it from abroad must wish to see our mines closed at home.

If the states of the Latin Union, or other countries in Europe, abandon the double standard after we readopt it, or because we readopt it, it will be a policy on their part through which great advantages will inure to us and great disasters will befall them. It would inaugurate in the United States an era of prosperity, based upon solid money, obtained on profitable terms, and under circumstances necessarily stimulating to our industry and commerce.

Finally, the commission believe that the facts that Germany and the Scandinavian states have adopted the single gold standard, and that some other European nations may possibly adopt it, instead of being reasons for perseverance in the attempt to establish it in the United States, are precisely the facts which make such an attempt entirely impracticable and ruinous. If the nations on the continent of Europe had the double standard, a gold standard would be possible here, because, in that condition, they would freely exchange gold for silver. It was that condition which enabled England to resume specie payments in gold in 1821. The attainment of such a standard becomes difficult precisely in proportion to the number and importance of the countries engaged in striving after it; and it is precisely in the same proportion that the ruinous effects of striving after it are aggravated. To propose to this country a contest for a gold standard with the European nations, is to propose to it a disastrous race, in reducing the prices of labor and commodities, in aggravating the burdens of debt, and in the diminution and concentration of wealth, in which all the contestants will suffer immeasurably, and the victors even more than the vanquished.

JOHN P. JONES.

LEWIS V. BOGY.

GEORGE WILLARD.

R. P. BLAND.

WM. S. GROESBECK.

Opinions of Messrs. Jones, Bogy, and Willard concerning the legal relation of value which should be established between the metals.

In the opinion of the undersigned, the proper legal relation of value to be established in the United States between silver and gold is 15.5 to 1.

That is the legal relation in all the double-standard countries of Europe, with the single exception of Holland, where the double standard has been provisionally established with a relation of 15.6 to 1. It would be unreasonable to expect France, whose legal relations between the metals of 15.5 to 1 has existed since 1803, and whose actual metallic circulation approximates \$1,000,000,000, to assent to a change of the relation, which would compel the recoinage of either the gold or silver portion of that vast stock. The states of the Latin Union, including France, are, in fact, restrained by treaty until 1880 from changing the relation. Indeed, it is not suggested by anybody that it is probable or reasonably possible that a double standard will be maintained in Europe upon any other relation than 15.5 to 1. It is certain, therefore, that when the mints of Europe are again opened to the unrestricted coinage of silver, the London price of silver must again become 60.87 pence in gold per ounce, or substantially that.

If we resume the coinage of the silver dollar with a weight of 412.5 grains, and the gold dollar remains unchanged, it will give a relation between the metals of 15.98 to 1, and a legal valuation to silver of 59 pence per ounce in gold. This would make the market or bullion value of silver 3 per cent. greater than its mint or legal value. The result would be, that no silver would be coined in this country, and even if it were coined could not be kept in circulation, but would be sure to be exported. This is just what happened after the relation of 15.98 to 1 was established here by the acts of 1834 and 1837, and is certain to happen again if we re-establish that relation, and if the double standard with unrestricted coinage is maintained in Europe.

A law of the United States remonetizing silver, but on a relation which would prevent its circulation if the mints of the double-standard countries of Europe were reopened to the coinage of silver, would tend to keep those mints permanently closed to silver. We cannot expect France to coin it, if we practically refuse to coin it in concert with Europe, by fixing a relation under which coinage here would be practically suspended.

If the gold dollar is not changed, the bullion value of a silver dollar of 412.5 grains must again be 103 cents in gold whenever the double-standard countries of Europe open their mints to the free coinage of both metals, and our silver would flow away and would not return unless through some extraordinary demand in gold-standard countries, arising from commercial or financial revulsions the value of gold should advance to a parity with it. The effect of such a demand would be, of course, to drain away the gold of this country, but we could not obtain any relief through its replacement by silver until the drain had proceeded far enough to raise the value of gold fully three per cent. On the contrary, if our relation should correspond with the general relation of double-standard countries, silver would flow into or out of the United States upon the slightest change in the relative value of the two metals. Upon the first call upon us for gold to meet extraordinary demands from gold-standard countries, silver would flow in to take its place, and under like circumstances, upon the first call upon us for silver from silver-standard countries, gold would flow in to take its place. The equilibrium of value between the metals would be thus maintained, and the steadiness of our money markets would be protected from shocks, arising from the special demands of foreign countries for a particular metal. This is an inestimable advantage which the United States has not enjoyed since the acts of 1834 and 1837, and not fully since 1803. The equivalency thus established in the market value of gold and silver

coins, would enable the country to avail itself of both at the commencement of financial difficulties, instead of being compelled to wait until those difficulties had worked great hardships.

When the coinage of silver is resumed in this country, it should be at such a relation with gold as would be most likely to insure stability and permanency, as these qualities are of prime importance in every monetary system. The immense sum of silver already coined in Europe at the relation of 15.5 to 1 is the strongest possible guarantee that this relation, if once established in the United States, would be sustained without change.

The policy proposed by some, of the resumption of coinage at the relation of 15.98 to 1 for the present, with a view to a change of that relation hereafter by an international conference, the undersigned believe to be unwise, not only because such change would involve the cost and inconvenience of the recoinage of the silver which had already passed into circulation and become the practical measure of value, but because it would impair the public confidence in a monetary standard, the stability of which would be discredited in advance by the impression that the coinage relation of the metals was merely temporary and soon to be subjected to revision.

The relation of 15.5 to 1 may be established here, either by reducing the weight of the silver dollar from 412.5 to 399.9 grains, or by increasing the weight of the gold dollar from 25.8 to 26.6 grains. The undersigned are not insensible to the difficulties attending either mode of accomplishing the object.

If the weight of the gold dollar is increased, it will involve the inconvenience and expense of reminting a very large amount of gold coin.

While the undersigned are firmly convinced that the parity of gold and silver coins at the relation of 15.5 to 1 would be assured and permanently maintained; yet, should any difficulty arise from the coinage of a silver dollar of 399.9 grains, in the adjustment of contracts to make payments in coin of the weight and fineness existing at the date of such contracts, it may easily be remedied by appropriate legislation.

On a full consideration of the advantages and disadvantages of the two modes of reaching the relation of 15.5 to 1, the undersigned are of opinion that the weight of the silver dollar should be reduced to 399.9 grains.

It may be added that a legislative remonetization of silver on the relation to gold of 15.5 to 1 accomplishes without delay all the objects of the proposition for an international conference, which is urged from various quarters. If such a conference resulted in anything, it would be in the agreement of the United States to adopt this European relation of 15.5 to 1, as it neither can be nor is expected that Europe could be persuaded by any conference to give up that relation and adopt the old American relation of 15.98 to 1. The adoption here of the relation of 15.5 to 1 by an act of legislation, would be the most authentic and decisive offer of accord with the European countries of the double standard which could possibly be made. It would be not merely the offer of an accord, but the actual establishment of one.

An international conference can only be an advisory body. Under our Constitution, this country cannot be represented in it by any functionary having any greater power than that of recommendation. The relation of the metals can be regulated only by Congress. It is not within the treaty powers of the President and Senate, and it is only by the enactment of a law that an effective proposition can be made to

Europe of the double standard on a uniform relation of the two precious metals.

As already indicated, the undersigned believe that the United States should remonetize silver, whatever the future policy of Europe may be. At the same time they believe it to be wise to make to Europe the offer of an accord upon the relation of the metals, and that this offer can be best made by the enactment of a law fixing 15.5 to 1 as the relation here.

But diversities of opinion as to the proper relation between the metals, and as to the one most likely to secure permanency and steadiness of value, should not be insisted upon to the extent of endangering the passage of a bill remonetizing silver at any relation which has been proposed. The great object is the remonetization of silver. Its precise legal relation of value to gold is of far less importance.

JOHN P. JONES.
LEWIS V. BOGY.
GEORGE WILLARD.

Opinions of Mr. Groesbeck, concerning the legal relation of value which should be established between the metals.

In the foregoing report we have recommended that silver be restored to equal rank in our currency with gold, and made a legal tender for all debts, public and private. The wisdom and safety and necessity of such a course, in order to do exact justice between creditors and debtors, to encourage and sustain industry and enterprise, and aid and prepare for resumption of specie payments, cannot be too strongly urged. We have had the single standard of gold for the last three years, but having been in suspension during that time, it is as yet untried. We had the double standard during all else of our national life. It was long and well tried, and I have not been able to find that we ever suffered the least harm from the use of both gold and silver as legal-tender money. On the contrary, we greatly prospered with them. They are the currency contemplated by the Constitution of the United States; the currency named in our State constitutions; and the currency to which our people are accustomed and with which they have been always satisfied. It was upon no demand of theirs that silver was demonetized, and we have recommended that it be restored to them.

While we have agreed on this, we have differed as to the relation which should be established between the two metals. Some of the commission recommend that the old silver dollar be reduced from four hundred and twelve grains and a half to three hundred and ninety-nine grains and nine-tenths.

The gold dollar and the old silver dollar stood to each other in the relation of 1 in weight of gold to $15\frac{98}{100}$ in weight of silver, say 1 to 16. The gold dollar and the silver one now recommended by a part of the commission, would stand to each other in the relation of 1 to $15\frac{1}{2}$. In a word, the proposed new silver dollar would be three per cent. in value below the old one.

I cannot concur in recommending this change, but adhere to the old dollar.

It is objected that it contained too much silver, and by reason of this was at a constant premium in the market over the gold dollar, and therefore would not circulate here, but left the country as bullion. This may be so; but it sent back to us in exchange for itself, its full value

in gold and merchandise. We are rich in silver, and can afford to repeat such transactions in the future.

It is not to be overlooked that quite recently silver was greatly depreciated, and that it is yet a little below par in comparison with gold. Some still doubt the stability of silver, and many are partial to gold, and the history of these metals will show there has been a slight widening in their relative value. Law can do much to control this tendency, and to fix and hold them, when both are used as money, in a steady relation to each other; but no statute law can make the relation unchangeable. A great abundance or a great scarcity of one or the other, and the extent of its use, will in some degree affect its value. In view of this tendency, and in the present condition of the metals, we are not called upon to narrow their relation to each other, but should keep our silver dollar as rich in silver as it was before its demonetization. It may be that its remonetization at the relation between it and gold of 1 to $15\frac{1}{2}$, the European or French relation, would bring it abreast with gold, and keep it there; but I must insist that remonetization, at our old relation of 1 to 16, would be quite as certain in its results, and, in view of the apprehension yet lingering in the minds of many, more just and acceptable.

It is urged that we should adopt the relation of 1 to $15\frac{1}{2}$, because it is the relation of the Latin Union, and its adoption by us would strengthen France and her associates in their position, and so strengthen ourselves also. It is admitted that the utmost attainable steadiness should be secured in the relation that may be adopted for the two metals, and this result is best secured when different nations using the double standard adopt the same relation. Such a policy may be indispensable in the Latin Union, composed of nations adjoining each other, though Holland, which lies in contact with the Latin Union, maintains a slightly different relation without serious embarrassment. We are so far removed, that this policy would seem to be secondary to other considerations especially applicable to our own case. And I venture to add, that if the United States and the leading nations of Europe, including the Latin Union, were now assembled in a convention to consider this subject, they would, in view of the present market value of the two metals, prefer our own relation, as being the more accurate and just.

Until a convention as largely attended as the one just suggested shall take this matter into consideration, we may safely remain on our own relation. It answered in the past; it will answer in the future, and we are strong enough to maintain it. About all we should undertake at the present time is to undo the recent legislation demonetizing silver and restore it to its exact former position. This course is very simple and avoids all embarrassments. In a bill recently passed in the House by an overwhelming majority the work is already half done, and the shortest way to the restoration of silver is to complete that work. A proposition to reduce the size of the dollar throws that work aside, and by offering a new scheme invites discussion, division, and delay, and may in the end endanger remonetization of any kind.

Another plan suggested by one of the commission is to do nothing for the present, and remit the subject to the consideration of some international convention that may never be held, and wait for its doubtful and distant recommendations. There has been an international convention not unlike the one now proposed. It was held in Paris in 1867. Not less than twenty nations attended it, including all the leading nations of Europe and the United States. Its deliberations were careful, its dis-

cussions able, its results practically nothing. Such a plan for disposing of a subject of local urgency and pressing for settlement may be regarded as tantamount to its indefinite postponement.

A word more about resumption of specie payments. Much testimony was taken on this inquiry, and we present with the report the views of able and experienced gentlemen. There is wide diversity in these views, and it seemed to a majority of the commission that the true and best method of resumption had not yet developed itself enough to come into clear view. In one opinion they heartily concurred: Resumption must wait upon remonetization.

W. S. GROESBECK.

Opinions of Mr. Bland concerning the legal relation of value which should be established between the metals.

While I appreciate the importance of conforming our monetary system to that of other countries in so far as to adopt the relation of $15\frac{1}{2}$ to 1, as recommended by some other members of the commission, yet for reasons so ably presented in Mr. Groesbeck's paper, in which for the most part I concur, I fear we would endanger the success of the movement to remonetize silver in this country, should we now attempt to change the relation existing when so many of our debts, public and private, were contracted; for whatever silver dollar we authorize should, in all respects, in law, be equal to the gold dollar in the discharge of all debts public and private, past and future. Otherwise the bimetallic system would prove a failure.

R. P. BLAND.

MINORITY REPORT OF MR. BOUTWELL.

The undersigned, a member of the commission appointed "to inquire into the change which has taken place in the relative value of gold and silver, and the causes thereof, the policy of restoring the double standard in this country, and of continuing greenbacks concurrently with the metallic standards," having been unable to agree to the conclusions reached by the majority of his associates upon that commission, respectfully submits to the Senate the following statement of his views:

The attention of the commission has been directed chiefly to three subjects of inquiry:

First. To the expediency of authorizing the coinage of a silver dollar, and making it a legal tender in the United States for all purposes except such as are otherwise specially provided for by law or by contract.

Secondly. To the expediency of inviting the governments of countries with which we are in intimate commercial relations to join us in an international convention for the purpose of considering whether gold and silver should be adopted as a standard in all such countries upon a fixed relative value of the two metals.

Thirdly. To the probable influence of the first and second propositions respectively upon the ability of the Government to resume and maintain specie payments.

The undersigned entertains the opinion that it is not now expedient for the Government of the United States to authorize the coinage of the silver dollar in the manner and for the uses stated in the first proposition.

The undersigned is also of opinion that it is expedient for this Government to extend an invitation to the commercial nations of the world to join in convention for the purpose of considering whether it is wise to provide by treaties and concurrent legislation for the use of both silver and gold in all such nations upon a fixed relative valuation of the two metals; and, finally, that until such an agreement between this Government and other commercial nations can be effected, the United States should pursue the existing policy in regard to the resumption of specie payments.

It is not material in the present inquiry to search for the reasons which control mankind and lead them to the conclusion very generally entertained that gold and silver are better adapted than any other articles for use as measures of value. The existence of this opinion must be admitted; and, proceeding one step further, it is equally true, if not generally so accepted, that gold is everywhere a standard of value, while in many countries silver has been rejected. It follows, therefore, that the theory of its equality with gold in this respect cannot be maintained. Even in countries where silver is used as a coin and endowed with the quality of being a legal tender, it is yet an article of commerce, and its value in all foreign transactions is measured by gold and tested by the gold standard. During the last three years there have been great variations in the commercial value of silver, but it is useless to inquire whether such variations are due to a fall in the value of silver or to a rise in the value of gold. Gold being the only universal standard

or measure of value, all other articles are tested by it, and however the standard may change, yet so long as it is accepted as the standard, the relation which other articles, including silver, bear to it is one of fact, and all theories in regard to values must conform to the fact.

Human experience furnishes uniform testimony in support of the proposition that thus far no country has been able to maintain two standards of value in actual use at the same period of time; and in every country which has adopted a bimetallic standard, that metal has been used, to the exclusion of the other, which was overvalued as a coin as compared with the value of the bullion contained in the coin when tested by its market-price in other countries of the world.

The consequence has been that in every country where the bimetallic standard has been adopted the overvalued metal as coin has been used to the exclusion of the other.

At present the gold dollar of the United States, which contains $25\frac{8}{10}$ grains of standard gold, will purchase a larger quantity of pure silver than is contained in the dollar of $412\frac{5}{10}$ grains standard silver.

The superior value of the gold dollar would prevent its use, and the gold coin and gold bullion of the country would at once be exported to other countries and silver in exchange would be returned, and, when coined, it would be introduced into the circulation of the United States.

The demonetized and discarded silver of every other country would flow to the United States, and there can be no doubt that after the first effect of its remonetization here had passed away it would steadily depreciate in value. Nor can there be a doubt that our unfortunate experience would furnish an argument against the remonetization of silver by the commercial nations of the world. It is contended by those who advocate a bimetallic standard for the United States without regard to the policy of other countries that its use by us would so advance its value in the markets of the world that it would be at par with gold. It can only be said in answer to this assumption, that there is no evidence that such would be the result, while, on the contrary, it is reasonable to anticipate that the demonetization of silver in Germany, the limitation of its coinage by the nations of the Latin Union, its reduced value in India, and the large production in America, would counteract the effect of an increased demand for coinage in the United States, and that in a period of ten years its relative value to gold would be less than it now is.

In the present age, with the existing facilities for communication between the different parts of the world, it is the first necessity of a commercial people that their standard of value should be of itself accepted by other commercial nations.

The utility of either of the precious metals as a standard of value is chiefly, if not altogether, in two particulars: first, for the purpose of redeeming the paper currency of the country, whatever it may be; and, secondly, and mainly, for the purpose of liquidating balances with other countries.

It is to be observed, in connection with this statement, that when the paper currency of a country is redeemable in coin at the demand of the holder, the occasion for such redemption arises almost entirely from the circumstance that coin is wanted for the settlement of foreign balances, and, therefore, it may be said that the great advantage to be derived from the resumption of specie payments is to be found in the facility which will be thus afforded for the transaction of business between citizens of the United States and the subjects and citizens of other countries, and, that any scheme of resumption which does not produce this result, fails altogether to meet the demand of the times.

As long as silver is merely an article of commerce in Great Britain, where our bills due to other countries are finally adjusted, the use of silver as a standard in this country will fail to produce any of the important results which ought to flow from the resumption of specie payments.

The resumption of specie payments means, or should mean, that the paper currency of the country is redeemable at the will of the holder in coin, which will be received in payment of debts due to other countries, and at its nominal value. To say that the holder of a United States note can obtain silver for the note, and that with the silver he can purchase gold and pay a debt due in London, is, in fact, a statement that he could then do what can now be done. The holder of a United States note can purchase gold, and with the gold he can pay his foreign debts.

London is the financial center of the world, and while there are two theories as to the sources of its power in this particular, neither theory affords any support to the policy of using silver as the standard of value in the United States. One theory is that the act of the British Parliament of 1816, by which gold alone was made the standard of value, was the foundation of the commercial and financial pre-eminence of England.

While the undersigned does not concur in this opinion, he thinks it proper to state that if Great Britain is indebted for her commercial and financial supremacy to that act, the success of her policy would justify and require its imitation by the United States at the present time.

The undersigned, however, is of opinion that the financial supremacy of England is due largely, if not entirely, to her policy in encouraging manufactures and fostering and extending her maritime power.

It remains, however, to be said that the accumulations of capital are greater in England than with us; that credits for commercial transactions over the whole world can be obtained more cheaply there than elsewhere; and that while her pre-eminence in these particulars remains London will continue to be the clearing-house for other countries. Inasmuch as balances there must be settled in gold, it would seem wise for other commercial nations to make that metal the sole standard of value, or by a general agreement, to which England should be a party, secure the adoption of the bimetallic standard.

In addition to the results which will follow the introduction and use of silver coin in the United States, to which reference has already been made, the undersigned cannot omit to notice the effect of the measure upon the public faith and credit of the country.

By the act of the 25th of February, 1862, it was provided that all duties on imported goods should be paid in coin, and that the coin so received should be set apart as a special fund and applied to certain purposes. These were, first, to the payment in coin of the interest on the bonds of the United States; and, secondly, to the purchase or payment of one per centum of the entire debt of the United States, the same to be set apart as a sinking-fund, the interest on which in a like manner should be applied to the purchase or payment of the public debt, as the Secretary of the Treasury should from time to time direct.

After the passage of the act of 1834, by which an increased value was given to gold as compared with silver, the standard of value practically was gold, the only use for silver being in the circulation of subsidiary coins, which were in fact tokens, after the act of 1853, the weight then being so light as to preclude their purchase and use as bullion.

At the time of the passage of the act of 1862 gold was the only coin in circulation and the only standard of values in the country. Customs receipts were in gold exclusively, and they have been so collected from

that time to the present. The interest upon the public debt has been paid uniformly in gold coin. Although there was authority for the coinage and use of the silver dollar containing $412\frac{5}{16}$ grains of standard silver, yet, as a matter of fact, its coinage had been suspended, and the overvalued gold coin had been substituted universally in its place.

Public creditors may very well claim that they are entitled to receive in payment of the interest and principal of the public debt the gold coin of the standard value authorized and in circulation at the time that the act of 1862 was passed.

The undersigned is of opinion that the adoption of silver as the standard would be followed by a loss, in the depreciation of the public credit, far greater than any gain to the Government by the payment of the interest and principal of the public debt in a coin less valuable than gold. Indeed, the depreciation of the public credit proceeding from acts of imputed bad faith, whether properly so imputed or not, cannot be compensated by any pecuniary gain, however large.

It is to be observed, further, that the duties on goods imported, if collected in silver, would be subject to the variations attending the market price of silver as compared with gold in other countries, and especially in England, where gold is the standard of value. The consequence of such a fluctuation to the manufacturers of the country and to merchants engaged in importing goods can be easily foreseen.

One of the chief objections to the irredeemable paper currency of the country is in the fact that the importer can never be assured that the price at which he sells his goods will be equal, when converted into gold, to their cost with the duties in gold added. But this condition of things does not affect materially the domestic manufacturer. The substitution of silver, however, and its use in payment of duties, would leave the domestic manufacturer constantly exposed to the effect upon business and profits produced by the changes that would certainly take place in the value of silver when measured by the gold standard.

There can be but one standard of value in any country at the same time, and a safe and successful use of gold and silver simultaneously can be effected only by their consolidation upon an agreed ratio of value and by the concurrence of the commercial nations of the world.

While, in the opinion of the undersigned, it is desirable to secure the use of the two metals by the concurrent action of the commercial nations, he does not entertain the opinion that any serious evils will come to us from maintaining the existing policy in regard to gold and silver. We are now upon a gold standard, and although the paper currency of the country is depreciated to the extent of five or six per cent., there has been, upon the whole, a constant improvement in its value since the close of the war.

During the last three years there has been a depression in business, but that depression is not due to the currency of the country, the evidence of which is found in the fact that a like depression in kind and degree has occurred in Great Britain, Germany, and in parts of Asia.

It is to be said, further, that recently a considerable improvement in business has taken place in this country without any change in our policy touching the currency. That improvement will no doubt go on, and should the balance of trade between this and other countries continue in our favor, there will be a constant appreciation in the value of our paper money as compared with gold.

During the last year the paper currency of the country, as compared with gold, has been as valuable for commercial purposes as silver of the standard proposed; and the substitution of silver for paper would in-

crease the cost of the currency of the country for domestic purposes, impair our credit, disturb the confidence of the world in the faith of the Government, diminish the value of our securities in the markets, and in the end leave us in a less favorable condition to compete with Great Britain for commercial and financial supremacy.

It should be borne in mind that a metallic currency is more expensive than paper, and that the chief use of the metals, whether one or both are employed, is to measure the value of the paper, which is and ever should be the chief instrument for the transaction of business.

Therefore, if it be designed to substitute silver for paper as the actual currency of the country, the measure will be more expensive to the extent of many million dollars a year; and, if it is the purpose of the friends of a silver currency to merely provide silver for the redemption of the paper, no advantages will arise that will compensate in any considerable degree for the loss inevitably incident to or consequent upon the measure.

In the views heretofore presented the undersigned has indicated his opinion that it will be wise for the commercial nations of the world to agree upon the use of silver and gold as a standard and for all the purposes, the coinage to be free in each country, and unlimited in amount. The testimony taken by the commission tends strongly to show that the annual product of the two metals combined is for a series of years more uniform than the annual product of either of the metals. This fact justifies the conclusion that the use of the two metals in the manner indicated will furnish a more unvarying basis for business than can be obtained by the use of either only.

It is no doubt true, also, that the demonetization of either metal adds to the purchasing power of the metal retained for use, by diminishing the price of every article of merchandise, while it increases the burden of debts, both public and private.

It is also true that the common use of the two metals furnishes a better basis for the paper currency of the respective countries, thereby rendering the transaction of business more safe, not only in the respective countries but between them, and diminishing the danger of revulsions and the suspension of specie payments.

In fine, every consideration which justifies and requires the use of a precious metal as a basis of business and a means of redeeming the promises of governments, corporations, and individuals seems also to justify the use of both metals for the same purposes, provided always that the use is universal or nearly so and upon an agreed relative value of the two metals.

The evidence taken before the committee tends to show that there is a larger public sentiment in Europe in favor of the remonetization of silver than has heretofore existed, and that a proposition from the Government of the United States looking to a convention will be accepted by the governments of Europe, and that the result of the deliberations of such a convention will be favorable to the plan suggested.

On the other side, it is to be apprehended that the remonetization of silver by the United States at the present time would be followed by such a depreciation in its value as to furnish a reason against the adoption of the plan by the rest of the world; and that an independent movement on our part would increase the difficulties rather than diminish them. However that may be, the undersigned is of opinion that the introduction of silver as a currency should be postponed until the effort to secure the co-operation of other nations has been faithfully tried.

GEO. S. BOUTWELL.

MINORITY REPORT OF MR. BOWEN, CONCURRED IN BY
MR. GIBSON.

Unable to accept the conclusions at which a majority of the commission have arrived, the undersigned respectfully submits what follows as a minority report :

From the tables showing the monthly fluctuations in the London market-price of English standard silver (925 thousandths fine) per ounce, it appears that during a period of forty-one years, from January, 1833, to January, 1874, this price oscillated around 60*d.* per ounce, never falling below 58½*d.*, and never rising to 63*d.* Assuming the average price to have been 60*d.*, we find the ratio of value between silver and gold to have been as 1 to 15.7.* In 1874 the price of silver began to fall, though the decline did not become considerable till May, 1875, from which time, though with some fluctuations, the depreciation rapidly increased, till in July, 1876, the price touched 47*d.*, being a fall of 21 per cent., the ratio being then as 1 to 20. After July the price advanced again, till in December, 1876, it was about as high as at the beginning of the year.

Are these great and sudden changes in the relative value of the two precious metals attributable to a fluctuation in the value of silver, or in that of gold, or partly in both? This is the first question which it is the duty of the present commission to consider.

In the opinion of the undersigned, formed after a careful examination of the evidence presented to this commission, and to the select committee of the English House of Commons on the same subject, which made its report through Mr. Goschen last July, these changes must be attributed exclusively to a depreciation of silver, the fluctuations being such only as often accompany, at the outset, any considerable rise or fall in the market-price of a single commodity, before the reality and the precise amount of the alteration are definitely established.

Speaking generally, the value of anything is its purchasing power, or, in other words, its ratio of exchangeableness with other commodities. Whenever gold is the only standard, the average prices of commodities in general, after allowing for special causes of fluctuation in particular cases, indicate with sufficient precision the average value of gold. In fact, they do not merely indicate; they are that value. If there has been no recent panic in the market, no special cause of general depression of trade, a general fall of prices expresses a rise in the value of gold; and, conversely, if a fever of speculation has not for a time unduly stimulated the market, a general advance of prices is a fall in the value of gold. Now, during the fourteen months ending July, 1876, there was no general fall of prices in the London market corresponding to the great depreciation which then took place in the price of silver. In July, 1876, an ounce of standard silver would not purchase, either in London or New York, by about 17 per cent., so large a share of commodities generally as could have been obtained for it fourteen months

* An ounce of English *standard* silver contains 444 grains of the *pure* metal; and a sovereign contains almost exactly 113 grains of *pure* gold. Then 60*d.*, or one-fourth of a sovereign, contains 28.25 grains of pure gold, and the ratio of value between the two metals is as 28.25 to 444, or as 1 to 15.716+.

before. But gold had not risen. An ounce of standard gold could have been exchanged for very little, if any, more of other commodities generally, excepting silver, than in May, 1875. Even if general prices were somewhat depressed during these fourteen months, they certainly did not then immediately undergo a far more rapid change in the opposite direction, reaching their former level in December of the same year. In all its essential features, the fluctuation in the price of silver was an isolated phenomenon, having nothing corresponding to it in the general course of trade.

If we look at the circumstances affecting the relative demand and supply in the case of the two precious metals, we shall arrive at the same conclusion. During the last quarter of a century the annual product of gold from the placers and mines has been so much in excess of the demand as to render it exceedingly probable that the value of that metal has been steadily, though slowly, falling, and that this decline is not even yet arrested. It is matter of the commonest observation, that the necessary expenses of living and maintaining a family have been constantly on the increase since 1851; the prices of commodities generally, reckoned in gold, have risen very considerably both in Europe and America. No one expects that they will recede again to what was their level before the discoveries of gold in California and Australia. The total annual product of gold in the world had risen from about 27 millions of dollars in 1849, to an average of more than 105 millions for the five years beginning with 1850, and to 136 millions as the average for the next five years ending with 1859.* What was the consequence of this enormous increase of the supply?

From the price-lists of the Economist newspaper, and from other sources, Professor Jevons, in his work on the Fall of Gold, published in 1863, compiled tables of the monthly prices of 39 of those chief articles of commerce, which may properly be regarded as necessities of civilized life, and thus ascertained the average annual price of each of them for the whole period from 1845 to 1862, both inclusive. He thus proved that their prices had, "on an average, risen between 1845-'50 and 1860-'62 in the ratio of 100 to 116.2, which is equivalent to a depreciation of gold in the ratio 100 to 86, or by 14 per cent." He then took 79 minor commodities, less generally in use, the prices of which advance more slowly, since, as they are chiefly articles of luxury, an enhanced price diminishes their consumption; and taking the average of the whole 118 articles, the rise of prices, comparing the same two periods, was "found to be in the ratio of 100 to 110.25, corresponding to a depreciation of gold in the ratio of 100 to 90.70, or by about 9½ per cent." He adds as the final result, "the lowest estimate of the fall that I arrive at is 9 per cent., and I shall be satisfied if my readers accept this. At the same time, in my own opinion, the fall is nearer 15 per cent."

Is there any good reason to believe that this fall in the value of gold has stopped, or has been materially retarded, since 1862? I think not.

Taking the three periods of five years each which elapsed between 1859-'74, we find the average annual product of gold throughout the world in each of them to be respectively, using the nearest round numbers, 102 millions, 103 millions, and 100 millions of dollars. In 1875, the same authority† puts the product for the year at 101 millions of dollars.

* Tooke & Newmarch's History of Prices, and the Economist newspaper, cited in Goschen's parliamentary report on the Depreciation of Silver.

† Goschen's parliamentary report, as before.

There is nothing in these figures which would lead us to suppose that the fall was much impeded; certainly it could not have changed to a rise. Again, while over 310 millions of pounds sterling were added to the stock of gold in the world during the fourteen years 1849-'62, during the thirteen subsequent years, up to the end of 1875, there was a further addition to this stock amounting to 263 millions of pounds sterling. We are justified, then, in concluding that a rise in the value of gold during the latter period was impossible.

While the fall of gold has been so slow and gradual as to be with difficulty detected, except when we regard its aggregate result after the lapse of a number of years, the depreciation of silver has been sudden and very great. It took place, as we have seen, in less than two years, and it amounted to 20 per cent. Its causes are easily discovered. Chiefly through the discovery and the rapid development of the silver-mines in the United States, there was a sudden and immense increase of the supply, and that was soon followed by an independent but considerable diminution of the demand. These two causes united created something like a panic, and several of the Governments of Europe made haste to get rid, so far as was possible, of a commodity which, as it seemed, must rapidly decline in value, and to preserve their standard of value by demonetizing silver. Their action, of course, only enhanced the evil for others, against which it was intended to guard themselves. The stock of silver no longer needed for use as money in Germany, or for additional coinage by the States constituting the Latin Monetary Union, was thrown upon the market, where it operated to increase and accelerate the decline which had previously become inevitable.

The Comstock lode has been for our own times what Potosi was for the sixteenth century, though its effects have been developed much more rapidly.

The great increase in the supply of the precious metals from America, which took place during the latter half of the sixteenth century, was mainly owing to the discovery of the mines of Potosi, which were first systematically worked in 1545. Before that year, as we learn from Humboldt, the annual product of both the precious metals from America was only about 3 millions of dollars. Before 1600, Potosi had nearly quadrupled this amount, having raised it to 11 millions; and the consequence was, within a quarter of a century, that silver fell to about *one-third* of its former value. Before 1570, a quarter (eight bushels) of wheat of middle quality was sold in England, on an average of a long period of years, for about *two ounces* of pure silver; about 1600 (still taking an average of many years, so that the exceptionally good and exceptionally bad crops may offset each other) the price had advanced to a little over *six ounces*, a point from which it has not receded from that day to this.

Now pass over about three centuries, and we come to the effect produced by the Comstock lode in our own day. The product of the Nevada mines first became considerable in 1861, when the amount of silver raised, according to Dr. Linderman, the Director of the Mint, was about 2 millions of dollars. It rose rapidly till 1864, in which year the total product of silver in the United States, according to the same authority, was about 11 millions. In 1870 the annual product became 16 millions, and then rapidly bounded upward, till, in 1875, it had become 32 millions. During the last year it was probably near 40 millions. Combining this product from the United States with that obtained from other sources throughout the world, we find that, up to 1861, the total annual yield of silver had been very steady for about ten years at a little over 40

millions of dollars, and that it rapidly increased from that date till 1875, in which year it became double its former amount, or almost exactly 80 millions.

In itself alone, this increase, though vast, might not seriously have affected the market for some years to come, since changes affecting the value of either of the precious metals are usually produced with great slowness, much time being required for equalizing prices throughout the world. During this intervening time, large quantities of the metals are, as it were, *in transitu*, or wandering about the world in search of the best market. But at about the same time, with the most rapid increase of supply, the demand for silver to be exported to British India suddenly fell off. During the four years 1862-'66, cotton was largely exported from India, and it was paid for by heavy remittances in silver, which is the money of that country. Within those four years, India absorbed silver to the enormous amount of 270 millions of dollars, this being the excess of the imports over the exports of that metal. Of course, when American cotton came again into the market after the close of the war, the price of India cotton rapidly fell off; it was no longer exported in large quantities, and the drain of silver for its purchase ceased. But another cause then came into operation, which prevented this drain from being at once and entirely checked. English capital was needed in large amounts to aid the construction of Indian railways, canals, and other costly public works; and the remittances on this account kept up the excess of the imports of silver over the exports, for another period of four years, to the average amount of 35 millions of dollars annually. At the end of this second period, the construction of these works practically came to an end, and the drain of silver, so far as this cause was concerned, not only ceased, but was turned the other way. India was then, and still is, heavily in debt to England for these supplies of capital; and the remittances home for interest and dividends became so large that India had but little to receive in merchandise or silver. The effect was, in 1870-'71, that the demand for silver to be sent to India suddenly fell off to less than 5 millions of dollars; and though it partially recovered the next year, the average for the last four years, ending in 1875, has been only about 10 millions annually, against an average of 67 millions a year during the four years of the American war, and of 35 millions a year for the four years following the close of that war. As it is improbable that the debt of India to England will be sensibly diminished for many years to come, it cannot be expected that the drain of silver to the East will be resumed to anything like its former extent within the life-time of the present generation.

The general result is, that, within the last fifteen years, the Comstock lode has added to the world's annual supply of silver about 40 millions of dollars, and the demand for that metal, to be exported to India, has fallen off, on an average, almost precisely to the same extent. No wonder, then, that the depreciation of silver should have been as sudden and great as that which we have witnessed, or that the principal states of Europe should have made haste to get rid, as far as possible, of their large stocks of this metal, and to substitute gold for silver as their standard of value. In the opinion of the undersigned, it will be wise for the United States, as far as may be, to follow their example.

England has had no occasion to change her action or her policy. Sixty years ago she adopted gold as her only standard of value, and demonetized silver, which has ever since been used in that country solely for purposes of small change, and is legal tender to the amount only of forty shillings. The quantity of silver in circulation being strictly lim-

ited, and being intentionally overvalued from the outset about 6 per cent., any depreciation of its value in the market does not at all impair its usefulness as subsidiary currency. Foreign silver coins cannot enter into circulation, but if introduced into the country, can only be sold by weight at their bullion value. The consequence is, that English gold coins are now more generally received at their full value in all the markets of the world than any other form of money, and are a generally recognized medium for the settlement of international balances.

In order to secure the advantages of this English system, and to avoid the heavy loss which seemed impending over her currency through the depreciation of silver, Germany took the first step toward the abandonment of her silver standard by a law passed in December, 1871.

The Mark was then established as the unit of value, and the gold coins to be issued of the denominations of twenty and ten Marks were made legal tender. The value of the twenty-mark piece being made only five-pence less than that of the English sovereign, and three-pence less than that of twenty-five francs, the new coins became easily interchangeable with the gold currency both of France and England. Power was also given for withdrawing silver coins, and the coinage of large silver pieces was stopped. The next step was taken in July, 1873, by a law which caused this imperial gold currency to take the place of the various currencies previously in use in the separate States of Germany, and established a subsidiary silver coinage, issued at a little more than 11 per cent. below its nominal value, and made legal tender to an amount not exceeding twenty Marks; but to avoid any inconvenience which might arise from too large an issue of these subsidiary silver coins, they were made receivable by the imperial and state treasuries up to any amount. The old silver coins were but slowly withdrawn, the one-thaler piece being continued in use at least up to July last. All bank-notes were withdrawn which were not made payable in imperial currency, and none can remain in circulation, or be issued in future, of a lower denomination than one hundred Marks, or about five pounds sterling. This was an important feature of the law, as bank-notes had previously been issued of as low a denomination as one thaler, and the withdrawal of all of them *below* five pounds must greatly increase the use of coin in small transactions. Under these laws, up to June last, new gold coins had been struck to the amount of 70 millions of pounds sterling. Of the old silver withdrawn, and not replaced by the new silver coinage, up to the 20th of April last, sales had been made to the extent only of about 6 millions sterling, which is too small an amount to have had much direct influence on the depreciation of silver before that date. It is probable, however, that a much larger quantity remains to be melted down and sold, though even an approximate calculation of its amount is stated by the German authorities themselves to be impossible.

Most of the other countries of Europe, excepting those which have in use a depreciated paper currency, have imitated the example thus set through preventing the further coinage of silver except for purposes of small change, and thus limiting the amount of it in circulation. None have gone so far, however, in this respect as Germany, but they have only done enough to prevent the influx of the now cheapened silver from driving gold out of circulation, and thereby depreciating their standard of value. Denmark, Norway, and Sweden virtually adopted the gold standard in 1872-'73, and have since largely imported gold, and have sold silver amounting to over 10 millions of dollars. Holland for some time pursued a vacillating policy, though attempts to alter her laws respecting coinage were made as early as October, 1872. But at last, in

June, 1875, her parliament passed an act prohibiting the coinage of silver, indefinitely, and allowing the coinage of gold. Under this law, a gold 10-florin piece has been struck, and during the next nine months, 56 millions of florins in gold were issued, and have taken the place of an equivalent amount of silver, which has been discharged from circulation. France and the other states (Belgium, Switzerland, Italy, and Greece) constituting the Latin Monetary Union, have adopted an expectant policy, merely restricting within narrow limits the further coinage of silver, though the French minister of finance recently proposed a law authorizing the Government to prohibit entirely the issue of any more silver 5-franc pieces. France, which had previously been almost drained of silver, first through purchasing cotton from India during the American war, and next by the payment of the German indemnity, has replenished her stock of that metal through the natural laws of trade, without any special legislation, but merely by contracting her paper currency, which for a time took the place of the exported silver money. She is probably deterred from adopting exclusively a gold standard, through her apprehension of the effect which would be produced in lowering the price of silver by throwing her large stock of it upon the market, in which case the cost of filling up the circulation with gold would be very considerable.

As already remarked, this action of the European Governments in partially discarding silver from circulation as money has tended in two ways to increase the depreciation in value of that metal; first, by throwing large quantities of it upon the already burdened bullion-market, and secondly, by narrowing the field for its employment, and thereby lessening the demand. But to suppose that its depression in price *originated* in their action on the currency, and is entirely attributable to the measures which they adopted, would be to invert the relation of cause and effect. Rather its previous fall in value, and apprehended farther decline, caused them suddenly to demonetize it, as otherwise their general and nearly simultaneous action in regard to it would have been arbitrary and motiveless. There is no conceivable reason why they should all, within a brief period, have made haste to get rid of silver, if it had not appeared to them to be rapidly sinking in value while on their hands.

We have next to consider whether the causes which have produced the recent changes in the relative value of gold and silver are "permanent or otherwise." The question herein indicated does not admit at present of a determinate answer. We may form a somewhat loose estimate of the probabilities affecting the immediate future, perhaps for the next six or eight years; but if we attempt to look farther, or to arrive at more definite results, events as unexpected and as vast in their influence as the gold discoveries in California and Australia, or the finding of silver ore in the Comstock lode, may falsify all our calculations. Of all human industries, mining the precious metals is the most precarious and uncertain. Legislation which is to effect interests and industries so large and complicated as those which depend upon the state of the currency in the United States, and upon the preservation of the standard of value, cannot be safely based upon vague estimates, or upon the interested statements and valuations made by large holders of stock in silver-mines; but explorations recently made upon the spot by the Director of the United States Mint, by Prof. R. E. Rogers, and other eminent geologists and mineralogists, and by mining engineers, leave little doubt that the quantity of silver-ore already partially exposed to view and measurement in the Comstock lode is enough to keep up the average

product of that metal at least to its present amount for some years to come. It is not probable, then, that the supply will soon fall off, and there are no indications that the demand for the employment of silver, either in the arts, for monetary purposes, or for exportation to the East, will again become as extensive within the next five years as it was five years ago. On the contrary, the evidence goes to show that electroplated forks, spoons, and ornaments are already to some extent taking the place of the corresponding articles, far more costly, which contain a larger proportion of pure silver. No one expects that England, Germany, Denmark, Sweden, and Norway will soon reverse what is now their established policy, by again bringing silver into circulation as money, except for the very limited purposes of a subsidiary currency; and if not, then all these countries, excepting England, must continue for some time to be sellers rather than buyers of this metal. Moreover, the facts already mentioned make it highly probable that France, Holland, and Belgium* may soon adopt entirely the monetary policy of Germany, as they have already adopted it to some extent; and neither British India nor China seems likely soon to have again so large an excess of exports over imports as will enable either of them once more to exercise its extraordinary power of absorbing silver currency. There may be some farther reaction from the sort of panic in the market which recently depressed the price of standard silver to less than 50*d.* per ounce; but the fluctuations of value in the markets of the world caused by speculative movements or panics are of short duration and, very limited extent. Silver may not again fall as low as it was in July, 1876; but it would be unreasonable to expect that it will soon recover and permanently maintain the price which it commanded in 1870.

The next subject of inquiry referred to this Commission concerns the policy of a "restoration of the double standard in this country, and, if restored, what the legal relation between the two metals, silver and gold, should be."

As the value of any commodity whatever depends primarily upon its cost of production, which is constantly varying, and secondarily upon its supply and demand, which are also extremely variable, as is shown by the incessant fluctuations of market-prices, it is obvious that there cannot be an *absolute* standard of value. Such a standard means something fixed and unchangeable, by their relation to which all other valuables may be measured. Now, there is no such commodity known; everything varies in value from one week to another, both from intrinsic causes peculiar to itself, such as its inherent difficulty of attainment, and from extrinsic causes affecting those agents, labor and capital, by which alone this difficulty can be overcome. The best that can be done is to select an approximate standard, that is, some one commodity which seems more stable than any other, and establish that by law as *the* standard by which the values of all other commodities are to be measured. Legislation is competent to do this, and practically has done it both in England and Germany, by establishing a certain number of grains of pure gold, coined into either a sovereign or a mark, and declaring that this shall be the common measure of value. But legislation is not competent to select *two* such commodities, and to declare that they shall *both* be the standard or common measure; or in other words, that there shall be a *double* standard. To attempt to do so is as absurd as it would be to declare by law that two clocks should both be the standard for measuring time, though, as everybody knows, no two clocks can be made which shall keep perfect time with each other.

*According to the latest accounts, Belgium has done so already.

This theoretical view of the matter is amply confirmed by experience. Every attempt to establish the so-called "double standard" has been a failure. The first step toward causing any commodity to become a standard of value is to make it a legal tender for the payment of debts. But though the law may declare that either of two commodities shall be legal tender, only one of them, and that the cheaper one, is actually adopted as a medium of payment. If gold and silver be the two commodities chosen, and the legal relation between them be made to conform to the ratio of their market-prices at the time of the enactment, the fluctuations of the market will speedily change that ratio; and then the overvalued one speedily pushes the other out of circulation, and becomes itself the sole standard of value. It appears from the table already referred to, showing the monthly fluctuations in London of the gold-price of standard silver per ounce, that this price remained unaltered for as long a period as four months only once in forty-three years. Usually it varied every month, and but seldom remained fixed for two successive months. But any such departure of the market-price from the relative value of the two metals as established by law must cause that one which is overvalued, or of which the nominal exceeds the real value, to displace the other and take the whole circulation to itself. Always the bad money pushes out the good, as every one will adopt the easiest and cheapest means of paying his debts.

Thus France attempted, as early as 1803, to establish a double standard, and fixed by law the relative value of the two metals at 1 to 15.5. This ratio made the legal price of pure silver to be 28.64 grains of pure gold per ounce. But for over forty years the market-price of silver did not on an average exceed 28.25 grains of pure gold per ounce, so that the law overvalued it more than one per cent. To this extent, then, in France, silver was worth more as coin than as bullion, while gold was worth more as bullion than as coin. There was a profit of about one per cent. in carrying silver to the mint to be coined, and in melting up or exporting gold. Of course, silver flowed into France and filled up the circulation, while gold coins disappeared, or could be obtained only at a premium. In those times, when one was paid even so small a sum as 1,000 francs, he received his bulky and heavy money in a canvas bag, and had to hire a porter or a cab to convey it home. During the six years before 1852, the excess of the imports of silver into France over the exports was more than 28 millions sterling.

The discoveries of gold in California and Australia about 1850 reversed this state of things, as it was foreseen that gold must fall in relative value. Hence the market-price of silver rose above its mint valuation, and consequently the amount of gold presented for coinage in France became immense, and there was a drain of silver, vast quantities of which were melted down and shipped to India. The inconvenience which resulted from the want of small change had to be met by reducing the small coinage to the state of a subsidiary or token-currency, all pieces of two francs and under being much overvalued, so that they could not be exported or melted up without considerable loss. But the silver five-franc piece was nominally retained at its old valuation, and to fill the gap caused by its practical disappearance, gold five-franc pieces were coined to a large amount. Like our own gold one-dollar coins, however, these were found to be inconveniently small, and the coinage of them ceased even before the recent depreciation of silver brought the silver five-franc pieces again into circulation. During the six years, beginning with 1852, the excess of the exports of silver from France over the imports was more than 45 millions sterling.

Hence it appears that the French attempt to establish a double standard has been a total failure. France had silver for her only standard from 1803 till about 1850, and gold for her only standard ever since. Even now, since the recent great depreciation of silver, restricting the coinage of that metal within very narrow limits is a virtual adherence to the single standard of gold. The corresponding attempt to establish a double standard in the United States resulted in a similar experience of loss, inconvenience, and failure.

A law of Congress passed in 1792 established the United States Mint, and so regulated the coinage that both 24.75 grains of pure gold and 371.25 grains of pure silver were made legal tender for a dollar. This was an attempt to establish the double standard on the ratio of 1 to 15, which was probably the actual ratio of the market-prices of the two metals at that epoch. But silver immediately began to decline in price, and before 1800 it had reached the ratio of 15.42; while in 1803, as we have seen, even the French ratio of 15.5 had become too small. Of course, the overvalued silver filled up the circulation almost entirely; the whole coinage of gold for forty years was less than twelve millions of dollars; and this little was for the most part either preserved as a curiosity, or melted up and exported. A gold coin was seldom seen, and silver was virtually the only standard. This was not the worst. As the silver dollar had been made to conform almost precisely in weight and fineness to the Spanish milled dollar, Spanish quarters, eighths, and sixteenths, usually much debased by abrasion and clipping, poured into the country through our trade with the Spanish West Indies and South America, and soon formed almost our whole fractional currency. A small Spanish coin called a *pistareen*, so much worn as hardly to be worth 17, passed current for 20 cents. Vainly did the United States Mint issue American fractional coins of full weight and value, as these were soon melted up, and the bullion sold at a high profit for the worn Spanish coins which were equally current. Never was there a better illustration of the principle that bad money invariably displaces the good.

The law of 1834 remedied these evils by actually lowering the standard more than 6 per cent., and thereby establishing the relative value of the two metals at 1 to 16. Instead of 24.75, only 23.2 grains of pure gold were coined into a dollar, and thereby the par of exchange with England, which had been about \$4.56, was raised to \$4.87, for the pound sterling. Moreover, as by the ratio thus established, silver was undervalued about 3 per cent., gold began to be issued in large quantities and came into general use, while silver pieces of the denomination of \$1 were almost entirely thrown out of circulation, and the silver fractions of a dollar were kept in use only through the necessity of having some small change, and because, being much handled, they soon lost a portion of their weight by abrasion. The nuisance of the much worn Spanish coins was gradually abated by a general refusal to accept them as more than four-fifths of their nominal value. Practically, then, the attempt to establish a double standard had resulted in lowering the whole standard more than 6 per cent., and in establishing first silver, and then gold, as the whole measure of value.

In less than twenty years, the fluctuations of price in the market again created a necessity of tinkering the so-called "double-standard" currency. Soon after 1850, silver rose so much in price that even the smaller silver coins began to be melted up and sold as bullion. It became difficult to effect small purchases, or to obtain "change" for a dollar. Congress had now to undo what it had done in 1834. But its action was

reversed, not by restoring the gold dollar to its former full weight and value, but by diminishing the quantity of silver which represented a dollar just about as much as it had lessened the quantity of gold in the dollar nineteen years before. The law of 1853 virtually surrendered the double standard, and made gold coin the only available legal tender for any debt over five dollars; for though the former one-dollar piece, containing 371.25 grains of pure silver, was not expressly demonetized, it had gone out of use, and practically remained out of use, in the domestic currency, because its value as bullion had come to exceed by about three per cent. its value as coin. But the silver fractional denominations, from half a dollar downward, were reduced to the state of a subsidiary or token currency, by so far diminishing their weight that a dollar's worth of them contained only 345.6 grains of pure silver, and by making them legal tender only for an amount not exceeding five dollars.

Thus gold was maintained as the single available standard for nine years longer, when, in 1862, the issue of an inconvertible paper currency, and making it legal tender, practically abolished every standard of value, and introduced the state of uncertainty, of wild fluctuations of prices, and consequent reckless speculation, from the evil effects of which the country has not recovered up to the present day. In 1873, however, probably as a precaution against the great depreciation of silver which was even then foreseen, Congress took the last step toward the legal establishment of the single gold standard by demonetizing silver altogether, making all our silver coins legal tender only for an amount not exceeding five dollars. The gain which would accrue from manufacturing silver bullion into coins at a nominal value largely exceeding its cost was constituted a special fund for making good the "wastage;" it might properly be used to meet the heavy loss to which a silver currency is always subject from abrasion and clipping.

In the opinion of the undersigned, it is expedient to take one more step toward assimilating our system of metallic currency to that of England and the commercial world generally. By diminishing the quantity of pure gold in the dollar only three-fifths of one grain, or considerably less than half of what the law of 1834 subtracted from it without producing injury or complaint, our American half-eagle or five-dollar piece would become almost the exact equivalent of one pound sterling, and would differ only by a very small fraction from the value of twenty-five (gold) francs in France and the other States of the Latin Monetary Union, and from twenty (gold) marks in Germany. Already the English sovereign or one pound sterling is a recognized portion of the actual currency of such countries as Portugal, Brazil, and Egypt, and is practically current at its full value in every civilized country. Austria has recently coined and issued gold four-florin and eight-florin pieces, which, as practical equivalents respectively of the French ten-franc and twenty-franc coins, are easily expressed as definite portions of the pound sterling. Hence the slight change here recommended would be attended with the following important advantages:

1. It would be a long step toward establishing one monetary unit, denomination of account, and standard of value for the whole commercial world.

2. It would greatly facilitate the computation and settlement of international balances, accounts, and exchanges.

3. It would be the strongest possible safeguard for the future stability of the standard of value, as all nations would be interested in its preservation, and it could not be effectively altered without their unanimous consent.

4. In making remittances to other countries, it would no longer be necessary to melt the coins and have the bullion recoined at considerable charge in a foreign mint. The Government would no longer be put to the heavy expense of coining and recoinage the same bullion, which had been first sent abroad, and then returned, through fluctuations in the balance of trade.

5. As American gold coins would be equally current everywhere with English sovereigns, New York would share at least one of the advantages which have made London the banking-house and commercial center of the civilized world.

6. In the language of Professor Jevons, "a world-wide gold currency of unimpeachable fidelity and excellence would be obtained" alike from British, French, German, and American mints.

7. It would much facilitate our return to specie payments, the present premium on gold, $5\frac{1}{2}$, being reduced immediately to about 3 per cent.

Justice, however, requires that all debts and contracts expressly made payable in gold, and outstanding on the date of the law authorizing this change in the coinage, should be discharged only by tender of dollars each containing 23.2 grains of pure gold, or by their equivalent.

After what now has been said, it is hardly necessary to consider the third subject proposed by Congress to this commission, namely, "the policy of continuing legal-tender notes concurrently with the metallic standards." As it has been proved both by theory and experience that a *double* standard is an illusion and a failure, every attempt to establish it having led to frequent changes of legislation and to great inconvenience and uncertainty in commercial affairs, any project for creating a *triple* standard ought to be summarily rejected as impracticable and absurd. The law may say that either a gold dollar, a silver dollar, or a paper dollar shall be indiscriminately *legal* tender; but the only *actual* tender ever made for the payment of a debt will be that one which, at the time, is the cheapest of the three. Hence the most effectual means of rapidly debasing the standard, that is, of depreciating the value of a dollar, will be to authorize any one to cancel debts outstanding against him by proffering in payment that one out of three different kinds of dollars which happens at the moment to be of the smallest value, especially when, as during the last year, the three are rapidly and largely changing their relative values. Only last July, the so-called "trade-dollar," the heaviest and most valuable one ever coined, was worth about .86, and the "greenback" paper dollar about .89, of a gold dollar. Five months later these proportions were reversed; the trade-dollar had risen in value to $.94\frac{1}{4}$, and the greenback to $.92\frac{1}{2}$, in gold. What sort of a *standard* would they have been, either separately or together, when they are liable to such fluctuations both in their relative and absolute values in less than six months? As there was no apparent change in the average price of commodities in general between July and December, 1876, we may be sure that the value of the gold dollar during that interval remained without alteration. Yet, under the attempt to create a triple standard, it is certain that the gold dollar would have been the only one which, during those five months, could not have come into use.

Whatever, then, might be the *intention* of Congress in attempting to create a double or triple standard, it is certain that the actual consequence of such attempt must be to exclude gold altogether, and to make either silver or the legal-tender note the only measure of value and the only medium for the payment of debts. We have, therefore, merely to consider whether it is expedient and just to establish either of these two forms of money, in preference to gold, as the sole standard.

Money, properly so called, has two perfectly distinct functions to perform. It must be capable of use both as a standard of value and as a medium of exchange. It is obvious that the former of these functions is by far the more important. As to the latter, almost any commodity, even any ticket of transfer or token of debt, though without any intrinsic value, may be made to serve perfectly well as a medium of exchange, the question which of them is to be preferred for this purpose being determined solely by considering which is the most convenient. Silver, copper, nickel, bank-checks, railroad-tickets, postage-stamps, accounts-current, or offsets of sales against purchases, and the like, may serve as media to facilitate the transfer of those commodities which are the only real objects of barter and sale. What is called a subsidiary or token currency, whether it be silver, copper, or nickel, is of this nature, the law affixing a definite limit both to the amount of it in use, and to the extent to which it shall be a legal tender, and also giving it a conventional, often differing from its intrinsic, relation to the real measure of value.

Far otherwise is it with the other function of money, that of serving as a standard of value, as on the proper execution of this office some of the most momentous interests of the whole community are entirely dependent. The very life of trade, and of confidence between man and man, depends on the due performance of contracts, on the successful maintenance of a system of credits, and on the anticipation of what will be the relative value of money and commodities at some future day. Very few mercantile transactions are really completed at the time when the bargains are first made, or when the commodities affected first change hands. Nearly all of them, either directly, or in their necessary and intended consequences, extend into a more or less remote future. The trader buys only in order to sell again, it may be the next week, the next month, or the next year. In every commercial community, far the larger portion of the sales which are effected are made on credit; that is, on promises of payment at some future day. And the debt thus contracted, through the agency of banks and other financial instruments, becomes itself an object of barter and sale, which are again dependent on trust in the future. Even in the case of cash-sales of commodities for speedy consumption, the purchaser's choice of the time and place for the transaction usually depends on his estimate of what prices are, or will be, elsewhere or on some other day. All such bargains, expectations, and promises must be expressed, and, if necessary, registered, in the common denomination of account—in francs, pounds sterling, or dollars; and any uncertainty as to the future value of this denomination of account must discourage individuals from engaging in the transaction, or, if not foreseen, must work hardship and injustice to them in the result. And these evils may all be caused, not only by any actual alteration of the standard within the period of time belonging to the transaction or the contract, but by any reasonable grounds of fear that within that time it *may* fluctuate in value. Any depreciation of the currency, if foreseen a few weeks before its occurrence, may be so far anticipated and exaggerated in its effects upon the market, that a very considerable rise of prices may take place some time *before* the currency is depreciated at all; and then, owing to the reaction of disappointed hopes and fears, the real depreciation, when it comes, may be contemporaneous with a considerable fall in prices. Trade thus becomes a lottery, and legitimate enterprises in commerce and manufactures must either be abandoned altogether, or kept up under a heavy cost of insurance against the uncertainty of the returns. The enhancement of prices produced

by such insurance takes place without any of that compensation to the consumers, embracing the whole laboring class in the community, which arises from a corresponding increase in their income or wages.

In the opinion of the undersigned, to adopt silver for the standard dollar would be a greater discouragement to manufactures and trade, and would do more harm to all the great industrial interests of the country, than even the continuance of the present wretched system of an inconvertible paper currency. Not only during the last year has silver undergone greater and more rapid fluctuations in price than paper, but the causes of its fluctuation are more difficult to be discovered, and less controllable, because wholly out of reach by legislation. By a very moderate and gradual contraction of the legal-tender currency, it is certain that Congress can prevent the paper dollar from sinking below its present value, and, by a few other well-considered measures, can steadily raise its value to par without spreading alarm, or creating any disturbance in the markets, or perilling any interest but those of the stock-jobbers, even before the time now fixed by law for the resumption of specie payments. But in view of recent experience, who can tell what the price of silver will be six months hence, or what legislative enactment can increase or diminish that price a single penny? As well might a legislator attempt by taking thought to add one cubic to his stature. Yet the only apparent motive for urging the adoption of a silver standard in the United States, at the very time when all Europe seems to be on the point of discarding it, is the vain expectation that an act of Congress may have the effect, in the stock-jobbers' phrase, of *bulling* the price of silver throughout the markets of the world. Granted that such an act might create a market for the silver which still remains to be sold by Germany and other European countries, it certainly could not restrict the productiveness of the mines in the Comstock lode, or restore to British India and China their former power of absorbing the surplus silver of the civilized portions of the globe. It would not be becoming for the dignity, as it certainly would be prejudicial to the interests, of the United States to engage in an operation equivalent to stock-jobbing, by making heavy purchases on a falling market of a commodity generally discredited elsewhere, in the idle hope of raising and controlling its price. The benefits of such an operation, if any, would be reaped only by the stockholders in silver mines, while the inconvenience and loss would be sustained by the people.

There are special reasons why silver is less eligible than gold for the chief place in a metallic currency. Its weight and bulk are too great in proportion to its value, so that it is very inconvenient for use in large transactions, and for the settlement of international balances. Its proper place is a subordinate one, being well fitted for small retail purchases and adjusting the fractional portions of accounts. And this place, as a subsidiary or token currency, seems to be now determinately marked out for it throughout Europe. We learn from the Director of the United States Mint, that one million of dollars in gold coins weighs 1 ton, 16 hundred-weight, 86 pounds; while the same value in "trade dollars" amounts to 30 tons, and in subsidiary silver coins to a little over 27 tons, 11 hundred-weight. Any one who was in France about 1840, when silver was virtually the only standard, and no bank-bills were in use of a less denomination than one hundred francs, will remember how burdensome and inconvenient this form of money seemed.

Another and more serious objection to the use of silver currency is its liability to considerable loss of weight and value by abrasion and

clipping. Gold coins are but little exposed to deterioration from these causes. Having considerable value in small bulk, they are closely scrutinized when offered in payment, and if light in weight are rejected, so that worn and clipped coins, so to speak, never get a foothold in the currency. But silver pieces, especially the fractions of a dollar, because their value is comparatively trifling, are not closely examined, and so still pass current, though their original value has been much impaired.

By a careful and extensive series of experiments, weighing a large number of (gold) sovereigns taken at random from those which had been a long or short time in circulation, Professor Jevons ascertained that the loss by abrasion on each coin was almost always exactly proportional to the number of years it had been in use. He was thus enabled further to ascertain that the average annual loss of weight by each sovereign was forty-three thousandths of one grain. In twenty-six years of use, therefore, it will have lost by abrasion about one per cent. of its value. In the same manner, he found the average annual wear of the *half*-sovereign to be sixty-nine thousandths of a grain, or more than half as much again as that of a whole sovereign. The smaller coin, therefore, loses by friction one per cent. of its value in about sixteen and a quarter years, this greater loss being attributable to its exposing more surface in proportion to its weight, and to its being more rapidly handled in purchases at retail.

We do not know that any equally careful experiments have been made to ascertain how much silver coins lose annually by abrasion, but a tolerably good estimate may be formed by comparison of the two cases. Other things being equal, the loss will be proportioned to the amount of surface exposed to friction, and also to the frequency and carelessness with which the coins are handled. Now, a shilling exposes to wear about as much surface as a sovereign, and therefore, from this cause alone, a pound sterling in silver shillings will lose annually by abrasion twenty times as much as the same value in one gold piece. Moreover, in the numberless petty transactions of every-day life, shillings are circulated far more rapidly and carelessly than sovereigns, and their consequent loss by friction must thus be much increased. Then the estimate formed by the best authorities seems a reasonable one, that the annual loss on silver coins by abrasion is at least 1 per cent.

Hence it appears that the cost of repairs, the difficulty of maintaining the currency in full weight and good condition, is at least twenty-six times as great for silver coins as for gold ones. If the government neglects its duty of making good at considerable expense this annual deterioration by wear, the state of a silver currency soon becomes deplorable. After some years of ordinary active use the coins betray their loss of weight by their worn and defaced appearance, and the evil is increased and made universal by dishonest persons, who pick out from the circulation the pieces freshly issued from the mint and others which happen to be less worn, and by punching or clipping reduce them to the average, or below the average, of debasement. Also, as the coins now pass perhaps for 10 per cent. more than they are worth, foreign silver coins of inferior weight are attracted from neighboring countries to a place where they are current for a higher value than they possess at home; and the task of expelling these intruders is by no means an easy one. Already, though our fractional silver currency has been but very recently restored to use, worn Canadian and Spanish "quarters" and punched American coins have begun to appear in circulation. If remedial measures are not adopted, our silver currency will soon be again in as bad condition as it was just before 1830, or as that of England before the recoinage of

1696, or as that of Germany before her abandonment of the silver standard in 1873.

The evil in question is not so considerable, and a remedy for it is not difficult to be had, if silver be restricted to its only proper monetary function, that of furnishing a subsidiary or token currency. No one is then obliged to receive the deteriorated coins except to the small amount for which they are legal tender; and as the whole quantity in circulation is not very great, and the Government have reaped a large profit by issuing it at a rate considerably above its intrinsic value, this profit may properly be made a fund for defraying the expense of constantly withdrawing the light coins and filling the vacuum with others of full weight fresh from the mint. In this way, England and France of late years have kept their subsidiary silver coins in perfectly good condition, the former country usually issuing new and perfect pieces each year to the amount of £3,000,000, yet without at all increasing the volume of this portion of the currency, because old and worn coins to the same amount are withdrawn.

But if silver is made legal tender for any amount whatever—and that is what the project of a double or triple standard means—gold will disappear from circulation, no fund will be available to defray the considerable cost of annual repairs, and both the United States Treasury and the country generally will be reduced to the condition in which British India is already placed, with heavy liabilities both abroad and at home, which are payable only in gold, but with taxes, wages, and dividends receivable in a metal which may again, as during the last year, lose 16 per cent. of its value within six months.

A few persons who do not understand the subject imagine that, if the mint and the treasury be required, under the system of a double standard, freely to exchange gold dollars for silver ones at par, or the reverse, whenever such exchange is demanded, then neither metal could fall below the value of the other. Certainly it could not, within the limits of the country foolish enough to act thus, and during the few weeks which could elapse before its mint and treasury would be drained of their last gold dollar. For, suppose the price of silver should fall in the London market only 2 per cent. below its former value relative to gold, then any person, by shipping thence \$980,000 worth of silver bullion, could receive for it here one million of gold dollars, and could repeat this operation indefinitely, or until stopped by the bankruptcy of our mint. A compulsory union of the dearer metal with the cheaper one could permanently establish an equality of value between them only if the unequal marriage were sanctioned by all the nations of the earth. But, as probably both England and Germany would at once forbid the banns, this project of M. Czernuschi is not likely to be soon carried into operation.

The undersigned sees no objection, however, to a considerable enlargement of the limits within which the subsidiary silver currency is now issued and made a legal tender, paper money being withdrawn to an extent equivalent to the enlarged issue thus made, as has been already done in the case of the silver fractions of a dollar, so that the aggregate volume of the currency shall not be increased. An important step would thus be taken toward a resumption of specie payments, and a reasonable concession would be made to those who desire a larger use of silver money. Dollars might be coined each containing 345.6 grains of pure silver, be made legal tender to an amount not exceeding twenty dollars, and be issued only in exchange for paper money, whether greenbacks or national-bank notes, of any denomination below five dollars,

the notes thus received in exchange being immediately canceled and destroyed. A burdensome redundancy of silver thus thrown into circulation might be prevented by making it receivable by the Treasury to any amount in payment of all dues to the Government which are not by law made payable only in gold. These silver dollars would be a convenient and unexceptionable medium of exchange, and as they would not be a standard of value, they could not introduce any uncertainty about the just fulfillment of contracts. They could not be melted up or exported without loss, and as receivable by the Government to any amount, they could not become depreciated in the market. The amount of one-dollar and two-dollar notes now in circulation is about sixty-five millions of dollars. These would all be gradually withdrawn, and their place would be filled by silver coin in all retail transactions.

We come now to the last subject which this commission is required to consider, namely, "the best means for facilitating the resumption of specie payments." In the opinion of the undersigned, the two measures already herein proposed would go far toward accomplishing such resumption without creating any disturbance in the markets, without any injurious shock of sudden transition, and without harming any class or interest that can rightfully claim to be protected by the Government. Each of these measures is a concession to one or the other of the only two parties who now appear to be hostile to such resumption. Reducing the quantity of pure gold in the dollar to 22.6 grains, through bringing it so much nearer the present value of the legal-tender (green-back) note, favors those of the indebted class who fear that resumption will make it more difficult for them to pay their debts. Substituting silver for all notes below the denomination of five dollars will be as large a measure of protection to what may be called "the silver interest" as can reasonably be asked from Congress. Should these two recommendations be adopted, it is reasonable to believe that the premium on gold would continue to decline as fast, and also as uniformly and innocuously, as it has done since March 9, 1876; and since its fall within ten months after that date from 15 to $5\frac{1}{2}$ per cent., so far from creating any injury or disturbance, has been attended with a considerable growth of confidence and revival of trade, there are no grounds for apprehending any evil consequences through its further decline from 3 per cent. to zero. The paper dollar having thus risen to its par value, specie payments might safely be resumed some time before the period now fixed by law, as the amount of surplus gold already in the Treasury would be quite sufficient to meet the very moderate demands which would then be made upon it to redeem its notes.

In order to make sure of this further decline, however, and also to diminish what would still be the excessive volume of paper currency, the Secretary of the Treasury should be enabled and required gradually to lessen the amount of it in circulation. He is already authorized to sell United States bonds for gold as a means of providing for resumption, and also to sell the gold so obtained and receive legal-tender notes in payment. These notes he should be required to destroy to the amount of three millions of dollars a month, none others being issued in their place. This would only be to continue, under the authority of law, the same rate of contraction which has spontaneously taken place during the last twenty-two months. These preliminary measures being adopted, Congress might safely and justly repeal all laws which "make anything but gold and silver coin a tender in payment of debts."

It is evident, then, that the accumulation of more gold in the Treasury is not a necessary means or preliminary for the resumption of specie

payments. The legal-tender notes originally issued in payment of debts due *from* the United States are redeemed and discharged when received as an equivalent for the same amount of debts due *to* the United States, none others being issued in their place. In fact, the process of redemption is constantly going on through the receipts from internal taxation and other sources; and this process is made final, simply by not paying out again these notes or any others, and by making what provision may be necessary to discharge the ordinary obligations of the Treasury, either by imposing additional taxes or by the sale of bonds. During the last fiscal year about one hundred and twenty-five millions of these notes were received as internal revenue and from the sale of the public lands; and if none others had been issued in their place, resumption would, before this time, have been complete, and accomplished, too, by a process so gradual and harmless, that none but those who closely watch the financial operations of the Government would have been aware that anything unusual was going on.

What is to be feared from making silver an unlimited legal tender is not so much a depreciation of the standard of value, as the recurrence of sudden and great fluctuations in the market-prices of commodities, and of reckless speculation in commerce, mining, and manufactures, which are properly attributable, as in the case of paper money, to having no standard at all. What we dread is not the *fall*, but the *fluctuation*, in value of the would-be standard, and the feeling of uncertainty thereby produced; and this dread is only confirmed and enhanced by the recovery in the market-price of silver, within the last six months, from about 47*d.* to 58½*d.* an ounce, being about all that it had lost during the earlier part of the year 1876. Against this uncertainty, and its depressing effect upon all legitimate enterprise, industry, and trade, nothing can protect us. The discovery of more *bonanzas* in the Comstock Lode, the further demonetization of silver by France and Holland, or a still more unfavorable balance of trade in British India, may send the price of that metal down again during the next half year lower than ever. With such a contingency hanging over it, commerce does not start into full activity and industry is paralyzed.

Those who still fear that a resumption of gold payments would be prejudicial to our financial interests, and do wrong as well as harm to the indebted classes, ought to learn from the experience of the last three years, and especially from that of the year which has just ended, that their apprehensions are groundless. The war prices, the wild speculations, and excessive personal expenditures, which had been created and fostered by the immense issues of paper money in 1864 and 1865, and maintained by the convulsive efforts of those who had been enormously enriched by these events, reached at length their inevitable issue, and came to an end all at once in the crises of September, 1873. More than ever before during the present century rents and prices fell, real estate ceased to be marketable, merchants went into bankruptcy, railroads passed into the hands of receivers, manufactories stopped, the incomes of persons not in active business but living on their private means were cut off, and the laboring classes were thrown out of employment. Great as was the calamity, however, after the storm had cleared the air a revival would probably have begun in less than a twelve-month, as had been the case in all former commercial crises, had not the Secretary of the Treasury so far strained his authority beyond all law or precedent as to throw upon the market, without any express sanction by Congress, an additional issue of twenty-six millions of paper money, with the threat that it might be followed by eighteen

millions more. Then, indeed, people did not know what to expect; confidence broke down entirely; capitalists preferred to allow their funds to remain idle, rather than to make loans which might be repaid in dollars not worth half as much as those which had been borrowed, and what might have been merely a temporary convulsion, followed by the glow of reviving health and strength, passed over into that general paralysis of trade and industry which we have witnessed during the last three years.

Experience has demonstrated that the cause of this prolonged evil, which has brought multitudes of industries and deserving persons to the brink of penury and ruin, was not what the inflationists call a lack of money. When the calamity was at its height, as it was throughout 1875 and the early part of 1876, there was no lack, but rather a superabundance, of money, the banks and the capitalists having more than they knew what to do with. Hence they were eager to let it on undoubted security, such as Government stock, and *on call*, as the phrase is, so that there would be no time nor opportunity for its depreciation, at as low a rate as 3 or even $2\frac{1}{2}$ per cent. With a circulation then amounting to nearly seven hundred and forty millions of paper dollars, which at that time were worth about 87 cents apiece, and which, because commerce and industry were paralyzed, were freely offered on call at 3 per cent. interest, it would surely have been absurd to call for the issue of "more money" as a means of rescuing the country from its difficulties.

At length, especially during the latter half of the year 1876, the evil began to cure itself, and that, too, by means which clearly indicate that the undue inflation and consequent fluctuating value of the currency had been the sole original source and the aggravation of the difficulty. Spontaneously, without any aid from legislation, or any concert between individuals or the banks, the paper currency began to contract itself. Unable to make any profitable use of their funds, because credit was dead in the community, and the wings of enterprise were clipped, many of the banks voluntarily surrendered their circulation altogether or in part, and either retired from the business, or confined their operations to what are the only two proper functions of a banking institution, those of deposit and discount. They were thus relieved from some heavy taxes, and were able to withdraw their United States stock, deposited as security to redeem their circulation, and by selling this stock at the advanced prices which it commands in the market, because payable in gold only, to make greater gains than were possible from lending their own notes at 3 per cent. interest. Though the act of January 14, 1875, repealed all limits to the *increase* of national-bank circulation, and thereby invited a further inflation of the currency, it appears from the last report of the Comptroller of the Currency, that the total *decrease* of legal-tender notes and national-bank notes between January 14, 1875, and November 1, 1876, has been over forty-five millions of dollars. And this process of diminution is still going on, the amount of legal-tender notes on deposit with the Treasurer for the purpose of still further retiring bank-notes being, on November 1, 1876, nearly twenty-two millions, so that the aggregate amount of paper money voluntarily withdrawn from circulation in less than twenty-two months has been about sixty-six millions, or 9 per cent. of the whole quantity in use.

And what has been the consequence of this spontaneous contraction of the paper currency? The paralysis of credit and industry is passing away, and commerce to a marked degree has begun to revive. A very favorable balance of trade has reduced the rates of exchange on England

considerably below par, and gold has constantly flowed into the country to an unprecedented extent. According to the estimates of the Director of the Mint, the amount of coin and bullion in the United States on June 30, 1876, was over one hundred and eighty-one millions, of which about thirty millions were silver. As the imports of gold during the autumn of 1876 were immense, owing to the favorable balance of trade, and as the mines of both the precious metals during the same period were very productive,* there can be no doubt that the quantity of the precious metals in the country on January 1, 1877, was at least two hundred and twenty millions. In the opinion of the undersigned, that sum is a sufficient basis on which specie payments could be maintained without difficulty or disturbance, even if resumption should take place at a very early day. For the effect of such resumption would be to rescue this specie from its present semi-latent state, employed only in foreign trade and in certain limited transactions with the United States Treasury, and bring it once more into full use *as money*—as a constituent part of the active circulation of the country. So brought back, it would even more than fill the gap caused by the partial withdrawal of paper currency, and in this way, combined with its effect in still further restoring confidence, and putting more heart into trade and manufactures, the probable immediate effect of resumption would be to raise the prices of commodities generally, instead of depressing them, and thus actually to favor the indebted States, and, generally, the indebted classes of the people.

Turn the matter as we may, the chief cause of the evils under which for three years the country has suffered, has been impaired credit, and the want of trust in the future. It has been the absence of any fixed standard of value, and the uncertainty in the markets caused by the fear lest Congress should again inflate the paper currency. Who were the greatest losers by this deplorable state of things? Not the creditor class, surely; not the capitalists; not the owners of unencumbered houses and lands, and Government gold-paying stocks, and fully constructed and equipped railroads, which are still paying dividends, though at reduced rates. These have something to fall back upon; their incomes are diminished, it is true, and sometimes cut off altogether; but they can still subsist for a long time, even on their dead capital. But the indebted and industrious classes have no shelter behind which they can retire for a season. They are exposed at once to the whole violence of the storm. For them, the inevitable result of the withdrawal of credit, the consequent embarrassment of trade, and the crippling of every industrial enterprise, is privation of employment, hopeless insolvency, and ultimate ruin. No persons in the community would be so much benefited by the restoration of a fixed standard of value as the industrious and dependent classes. For them, the certainty that the dollar will be worth a month or a year hence precisely what it is worth to-day means regular employment, a fixed rate of wages, a stable market, moderate but certain gains, and the absence of all anxiety for the future.

The South and West, already largely indebted to the Eastern and Middle States, are still in urgent need of further advances of capital from the same source in order to develop still more their unrivaled opportunities, their boundless stores of latent wealth. The paralysis of business throughout the country is specially detrimental to them, as they have no reserves to fall back upon, no stores of capital already

*According to Dr. Linderman, "the domestic production of gold and silver during the fiscal year (ending June 30, 1876) was about 85½ million dollars, of which amount 46½ millions were gold, and 38½ millions silver."

amassed, which they can afford to suffer to remain idle for a time, till the returning tide of confidence and enterprise shall again set the wheels of industry in motion. Nearly all their current gains from improvements already completed are absorbed in paying the interest on the mortgages and bonds which represent the advances previously made to them, being the price of most of the prosperity which they have hitherto enjoyed. Many of the people that are now clamoring for more inflation of the currency think that the increase in the number of paper dollars, and the consequent inevitable depreciation of their value, will both make it easier for them to pay the interest on their debts already contracted, and so far revive speculative interest as once more to irrigate their fields with the inflow of capital from the East. But even a child might see that these two contemplated results are incompatible with each other. One who is already deeply in debt cannot pave the way for obtaining the additional loans that he needs by announcing of his own accord that he is in a state of spontaneous and chronic bankruptcy; that he will not at the utmost pay more than 93 cents on a dollar, and that he has taken steps to make sure that even this dividend shall rapidly be diminished, only leaving it uncertain whether it shall early or late be reduced to nothing, and the debt consequently be repudiated altogether. Capitalists must be singularly constituted who will grant fresh loans to debtors openly announcing such conditions.

There is a grave question indeed whether the national honor is not even now tarnished by the mere fact that specie payments have not been already resumed. By the act of March, 1869, entitled "An act to strengthen the public credit," the faith of the United States was "solemnly pledged" "to make provision, *at the earliest practicable period*, for the redemption of the United States notes in coin." The amount of legal-tender notes outstanding on November 1, 1876, was \$367,535,716. But it appears from the following table, for which I am indebted to the kindness of the Secretary of the Treasury, that after discharging all the obligations of the United States already due which are payable only in gold, the Government sold at public auction, between July 1, 1869, and September 30, 1876, surplus gold to the amount of \$389,705,144.68, on which it received a premium of \$58,020,155.53. In view of the fact that the surplus gold thus disposed of exceeded by over 22 millions what was necessary to redeem all the legal-tender notes outstanding, how can it be said that Congress has kept its solemnly-pledged word that it would redeem those notes "*at the earliest practicable period*?" The paper money received from that sale of gold was not needed in order to provide for the other necessary expenditures of the Government; for it appears that, during the period in question, after defraying all the ordinary expenses, the Treasury paid off public debt not yet due to an amount exceeding 435 millions of dollars.

Amounts of surplus gold sold by the United States Treasury from July 1, 1866, to October 1, 1876, with the premiums received thereon.

Period.	Amount sold.	Premium received.	Average rate per cent. of premium.
From July 1, 1866, to June 30, 1867	\$38,337,928 78	\$14,154,843 55	37
From July 1, 1867, to June 30, 1868	54,209,653 79	21,934,986 54	41
From July 1, 1868, to June 30, 1869	32,013,258 45	12,376,289 38	39
From July 1, 1869, to June 30, 1870	65,081,516 50	15,294,137 37	24
From July 1, 1870, to June 30, 1871	72,423,042 03	8,892,839 95	11
From July 1, 1871, to June 30, 1872	77,597,495 70	9,412,637 65	12
From July 1, 1872, to June 30, 1873	76,993,246 54	11,560,530 89	15
From July 1, 1873, to June 30, 1874	38,013,974 80	5,037,665 22	13
From July 1, 1874, to June 30, 1875	33,401,526 42	3,979,279 69	12
From July 1, 1875, to June 30, 1876	25,092,251 44	3,723,545 80	15
From July 1, 1876, to September 30, 1876	1,102,111 25	119,518 96	11
Totals*	514,265,985 70	106,486,275 00	21

* Also in May and August, 1876, there was a further sale of gold received under the Geneva award, amounting to \$8,374,714.78, on which a premium was obtained of \$1,014,222.85, or nearly 12 per cent.

Summing up, the following are presented as the conclusions of this report:

1. The great changes which have taken place during the last year in the relative value of the two precious metals are attributable almost entirely to fluctuations in the market-price of silver, since the prices of commodities generally, reckoned in gold, have been comparatively stable.

2. These fluctuations indicate a considerable fall in the value of silver, which has been produced by three causes: 1. By the great productiveness of the silver mines in the Comstock lode, which within a few years have doubled the average annual product of that metal for the whole world; 2. By a great diminution, within the last five years, of the demand for silver to be exported to British India; 3. By the demonetization of silver, within the same period, by Germany, Denmark, Sweden, and Norway, and the limit put upon the coinage of it by Holland, France, and the other states of the Latin Monetary Union.

3. These fluctuations prove that silver has become entirely unfit for use as a standard of value; and this action of Germany and other European states shows that they have become aware of this unfitness, and have altered their systems of coinage and legal-tender accordingly.

4. The question whether the three causes here alluded to have *permanently* depreciated the value of silver is one which does not at present admit of a determinate answer. Vague estimates and uncertain theories afford no safe grounds for legislation.

5. The so-called double standard is an illusion and an impossibility. The prolonged attempts made both by France and the United States to establish such a standard have been complete failures, causing much confusion and inconvenience, necessitating frequent changes of legislation, and resulting only in the alternate establishment of one or the other precious metal as the sole standard.

6. Silver is further unfitted to be the principal medium of exchange, 1, through its considerable weight and bulk in proportion to its value, being thus inconvenient for use in large transactions and settling international balances; and 2, through its constant liability to loss by abrasion and clipping, the corresponding loss in the case of gold being so small as to be almost imperceptible.

7. The proper place for silver in a monetary system is that of a sub-

sidiary or token currency which is considerably overvalued by law and made legal tender only within certain limits. These limits being indeterminate except by general considerations of expediency, there is no valid objection to so far widening them as considerably to increase the amount of silver now in circulation, paper money being withdrawn to an equivalent amount, and the silver coins being made legal tender for any sum not exceeding twenty dollars.

8. The proposed "policy of continuing legal-tender notes concurrently with the metallic standards" would be in the highest degree inexpedient and unjust, this paper-money system having been the chief cause of the paralysis of trade and industry under which the country has labored for the last three years, and Congress having as far back as 1869 solemnly pledged the faith of the country for the resumption of specie payments at the earliest practicable moment.

9. Circumstances at the present time have made such resumption both practicable and easy within a very brief period, the paper currency having spontaneously contracted itself at the average rate of three millions a month during the last twenty-two months.

In order to complete this very desirable result, and to make our monetary system conform in all important respects to that of the most prosperous and best-ordered commercial countries of Europe, the following measures are respectfully recommended for adoption by Congress:

1. That dollars be coined each containing 345.6 grains of pure silver, which shall be legal tender for any sum not exceeding twenty dollars, and shall be issued only in exchange for paper currency below the denomination of five dollars, and the one-dollar and two-dollar notes so received in exchange shall be immediately canceled and destroyed. These silver dollars, however, shall be receivable to any amount in payment of any dues to the Government, except for duties on imports. After January 1, 1878, notes below the denomination of five dollars shall not be paid out either by the Treasury or the banks, and shall not be legal tender.

2. Gold shall in future be coined only at the rate of 22.6 grains of pure gold to the dollar, so that the half-eagle or five-dollar piece may be almost the exact equivalent of one pound sterling; and the gold so coined shall be legal tender to any amount: *Provided, however,* That all debts and contracts expressly made payable only in gold, and outstanding on the date of this enactment, shall be paid and discharged only by dollars each containing 23.2 grains of pure gold, or by their equivalent.

3. Out of the paper currency received by the Government in the collection of its internal revenue, a sum not exceeding three millions of dollars each month shall not be reissued, but shall be canceled and destroyed; and any deficit which may thereby be created in the Treasury shall be supplied in the manner already authorized by law, namely, by the sale of any of the United States bonds which the Secretary of the Treasury is now empowered to issue.

All of which is respectfully submitted by

FRANCIS BOWEN.

I concur in foregoing report of Mr. Bowen.

R. L. GIBSON.

SPECIAL REPORTS OF THE SECRETARY OF U. S. MONETARY COMMISSION.

The secretary, George M. Weston, having been directed by the Commission to investigate and collate the facts, authorities, &c., relating to the special subjects named below, prepared the following papers:

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Asiatic trade and the flow of silver to the East.....	163
Constitutional powers of Congress and the States in respect to metallic money	180
Legislation in Europe and the United States in relation to subsidiary silver coins	194
The trade dollar	200

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REPORT OF THE
COMMISSIONER OF THE
LAND OFFICE

The following is a list of the lands
which have been surveyed and
classified by the Commission
of the Land Office, and which
are now in the hands of the
Department of the Interior.

of the
Land Office

SPECIAL REPORTS.

ASIATIC TRADE AND THE FLOW OF SILVER TO THE EAST.—ENGLISH MISCONCEPTIONS.

Of current British writers known on this side of the Atlantic, Jevons alone seems to have an adequate idea of the importance and reliability in the future of the eastern demand for silver. Many leading British writers entirely misunderstand the causes which give rise to this demand, which is an essential element in fixing the value of silver, whether measured in gold or in general commodities. These mistakes of British economical authorities will be found to be remarkable both in character and persistency, and they undoubtedly constitute the principal origin of the delusion that the general tendency of silver is towards depreciation, which prevails largely in England, and which Seyd and other English advocates of the double standard do not wholly escape.

The most authentic exhibition of the errors current in London in recent years in respect to the general nature of the trade between Europe and Asia is to be found in the annual reviews of finance and commerce in the *London Economist*, the principal portions of which have been regularly reprinted in the journal of the London Statistical Society as possessing a high, recognized, and permanent value.

As respects the special case of India, it may safely be assumed that the current ideas of England are authentically expressed, not only in the *London Economist*, but in the report of the British Silver Commission of 1876, the chairman of which, Mr. Goschen, seems to be regarded in that country as one of its most eminent financiers, both in practical experience and in clearness and breadth of theoretical views, and in the resolutions of the governor and council of India (September 22, 1876), which cover the entire subject of the monetary relations of India with the world, and especially with Great Britain.

OPINIONS OF THE LONDON ECONOMIST.

REVIEW OF 1864, PRINTED MARCH 11, 1865.

In four years the imports from India and the Levant have certainly doubled in value. These are countries of exceedingly backward civilization. Hitherto, the native cultivators have had few wants, and have been so ignorant of the real principles of trade as to regard gold and silver as precious beyond all other things, and as fit only to be buried in secret hoards, instead of being put away as rapidly as possible in exchange for articles of use and enjoyment. A trade, therefore, of imports from these countries, suddenly doubled in volume, necessarily implied the transmission of a large part of the price in specie and bullion; and so it actually happened. The average annual export of treasure to India and the Levant for the five years 1857-'61 was 13½ millions sterling; the average export of 1863-'64 was 23 millions.

A free and vigorous commerce is potent to arrive rapidly at a state of things in which trade, even with very backward countries, *becomes the barter of one set of commodities for another set of nearly equal exchangeable value.*

The probability seems to be that in 1865 the action of the eastern demand for bullion remittances will be on a much more restricted scale than in 1863-'64; and that the taste already excited in those countries for articles of English production will have laid the foundations of a commerce as regular as that with America or France.

The immense wealth poured into Bombay and Bengal during the last two years has apparently at last broken down most of the barriers to the reception by the natives of thoroughly European notions of commerce.

REVIEW OF 1865, PRINTED MARCH, 1866.

The great rise in the price of cotton led to large and urgent orders to India and elsewhere for further and early supplies, and such orders of necessity implied considerable remittance of treasure, and that treasure chiefly in the form of silver, to be purchased on the continent by means of gold sent there from this country.

The four countries or regions which have been most profoundly affected by the demand for cotton at high prices have been India, China, Egypt, and Brazil.

Year.	Merchandise imports from India, China, Brazil, and Egypt.	Merchandise exports to India, China, Brazil, and Egypt.
	<i>Millions stg.</i>	<i>Millions stg.</i>
1864	94.6	38.3
1863	83.6	32.7
1862	62.9	24.8
1861	42.1	29.1
1860	37.0	30.3

The peculiarity of these figures is the amazing increase they exhibit of nearly sixty millions sterling in the *imports* from India, China, Brazil, and Egypt against an increased export of no more than eight millions sterling. For five years we have been laying widely and deeply the foundations of a vast future trade with those fertile tropical countries. We found the people who inhabit them rude, ignorant, without enterprise and with few wants, but the golden (silver) shower which has descended so plentifully upon them since 1860 has already had some effect, and it is quite certain that the increase of eight millions in the export is only the beginning of a demand which will *presently reduce the trade to the sound condition of an exchange of merchandise representing values not very widely different.*

REVIEW OF 1866, PRINTED MARCH, 1867.

The large drain of gold and silver to Egypt, India, and the East, which has been in progress since 1861, chiefly in payment of cotton, came to an end in March and April last (1866). The total export from Europe was nine and a half millions, or one-third less than the export (fourteen millions) of 1865.

For five years the tide of the precious metals has run so strongly and constantly toward the East that the supplies from the gold countries have been absorbed for that destination as quickly as they appeared. *We shall now see a different state of things.*

REVIEW OF 1867, PRINTED MARCH, 1868.

The revival of the cotton cultivation in America has already reduced the export of gold and silver to India to a narrow compass. Instead of the enormous drain of twenty-four millions sterling in each of the years 1863 and 1864 and of fourteen millions in 1865, the exports fell to ten millions in 1866, and in 1867 to the comparatively small sum of three and a half millions.

A few years will enable us to judge of the effects on the Indian populations of the prodigious prosperity of the last five years. The railways will have effectually opened up new markets in the interior, and will have carried European goods where they never appeared before, and the improved means and wages of the cultivators will enable them to buy articles formerly beyond their reach. All these influences will powerfully tend to *make European exports to India more nearly balance than hitherto the European imports from it*, and will, therefore, reduce the trade to such an exchange of commodities as will require but small supplemental transmissions of specie. It is, indeed, conceivable that at no distant period the current of the metals might tend more strongly *from India than to it.*

REVIEW OF 1868, PRINTED IN 1869.

The Abyssinian war has led to a large increase in 1868 in the export of gold and silver to Egypt and the East. The total exports by English and French steamers were—

In 1867	£3,695,000
In 1868	10,075,000

Of this six and one-third millions of increase, nearly four millions is due to the Abyssinian war. The slightly-increased exports to India have arisen from the revived demand for Indian cotton.

The effect of the cessation of the bullion drain to the East early in 1866 is strikingly shown in the rapid rise of the total bullion reserves of the Bank of England and the Bank of France.

* * * * *

In India, a system of sound paper currency has been established, which, in the course of twenty years, may, by remote possibility, lead to a real economy of coin in that country. At present, the bank-notes are less than ten millions sterling, probably not a thirtieth part of the circulation of the presidencies.

REVIEW OF 1869, PRINTED MARCH, 1870.

In 1869, there has been no Abyssinian war to swell the exports of gold and silver to Egypt and Bombay, but the figures are nevertheless not very different—say nine millions in 1869 against ten millions in 1868.

The peculiarity of the 1869 figures is the large increase in the *silver* and the falling off in the *gold* shipments.

During the ten years 1860-'69 the total export of gold and silver (chiefly the latter) from Europe to *China* has amounted to about twenty millions sterling. But this sum represents only about half the influx of the precious metals into China, inasmuch as the import into that country from California is believed to be nearly as large as the import from Europe.

The effect of the improved condition of India, the higher wages, and the cheaper modes of transit, has already extended the Indian markets for English goods, *and so set in action a train of causes likely to diminish permanently the drain of gold and silver to the East.*

REVIEW OF 1870, PRINTED MARCH, 1871.

The bullion trade with India has fallen into small proportions. In 1863 and 1864 the export of gold and silver to India and China was 24 millions sterling per annum; last year, 1870, it had fallen to 4½ millions, and a reflux from the East to Europe has actually been witnessed in mercantile calculations of exchange. *It is not unlikely that this reflux current will expand and continue.* During the twenty years 1851-'70 Europe has sent to the East 51 millions sterling of gold and 176 millions sterling of silver—together 227 millions, or an average export of (say) 11 millions per annum. The annual production of gold from the new sources, California and Australia, has been about 15 millions sterling. The eastern demand has amounted, therefore, to over 70 per cent. of the new production. The Australian and Californian supplies seem to be gradually but steadily diminishing, and there is an apparent probability that the effect of the development of India may be *to render the hoards of treasure possessed by the nations available for western purposes, and available at the very time when they are needed.* This result will be assisted by the steady progress of the bank-note circulation of India. The authorities have quite recently satisfied themselves that the bank-notes may be pushed more vigorously into circulation, and that the minimum denomination may be reduced from ten to five rupees.

REVIEW OF 1871, PRINTED MARCH, 1872.

We give our usual table of the movement of gold and silver to the East. There has been some revival in 1871 of these exports, and the total reaches 6½ millions against 4½ millions in 1870.

The higher prices of cotton will lead to augmented remittances to India.

REVIEW OF 1874, PRINTED MARCH 13, 1875.

Mr. Herzog, the delegate of Switzerland to the Monetary Conventions of 1865, 1871, has investigated the subject [silver] with care. He lays stress on the diminution by one-half since 1866 of the export of silver to the East, *arising from the advancing diffusion of European goods over the Asiatic countries.*

All the predictions of the Economist as to the course of the Asiatic trade have been falsified by the event. The flow of the metals to Asia is still as active as ever. The Economist entirely overlooks the real cause of this flow, and nearly all which it has to say about it is quite aside from the mark.

Asia was called "*a sink of silver*" in the time of the Romans, but if the view is limited to the past four centuries, the reasons why it is a sink of silver, and to some extent of gold also, will more clearly appear, because the facts of these later centuries are more exactly known.

Since 1492 the great bulk of the supply of the precious metals has been from the New World. Chevalier estimates that from the voyages of Columbus to the California gold discoveries the world's metallic supply was derived—

From the Old World	\$1, 072, 000, 000
From the New World	7, 259, 000, 000

Since the California gold discoveries, from 1849 to 1876, both inclusive, taking the mean of the figures given by accepted authorities, the world's metallic supply was derived—

From the Old World	\$827, 000, 000
From the New World	3, 755, 304, 927

In the New World, in this last statement, Australia is included.

Since 1492 the flow of the precious or money metals has been continuous from the New to the Old World, and could not have been otherwise. The flow of those metals is determined by the tendency, always at work, of prices to an equilibrium. Nothing but an impassable Chinese wall could have prevented the outflow from Australia of the bulk of the \$1,200,000,000 of gold produced there within the past twenty-five years. If such a wall had existed, the principal part of this gold would not have been produced, as the wages of labor would have risen so high that the cost of the gold would have exceeded its exchangeable value. No such wall exists in this case, and therefore prices are only kept high enough in Australia, relatively to prices elsewhere, by the production of gold there, to cause the constant outflow of that metal, and that condition of things will not be changed until the mines give out.

Those parts of the world which specially produce the precious metals can never have, on that account, any greater excess above their due proportion of them than is just sufficient to produce an adequate current of overflow. That is the limit of the perturbation of the money level in such cases.

The same circumstances which prevent the metals from remaining in the New World, in which they are principally mined, prevent their remaining in the country or countries in the Old World which receive them in the first instance. All the gold and silver of America, exported in the early periods of its discovery, passed to Spain, but neither did or could remain there. Until within a few years Europe has received substantially the whole of the exported gold and silver of America and Australia, and does now receive much the greater part of them, and it is through and by Europe that they have been diffused over the Old World, each portion of it always receiving and retaining its due proportion. It is these facts which have caused the flow of the metals from the Occident to the Orient during the past four centuries.

The flow depends upon the relatively excessive production of the metals in the New World, and will continue without interruption forever, subject only to the possibility that the discovery and working of mines in Asia may bring up its metallic production to the average of the general production of the world.

The due proportion of the precious metals which the different parts of the Old World will receive and retain is that proportion which is determined by the various circumstances of population, commerce, wealth, laws of currency, national habits, and vicissitudes of prosperity, adversity, growth, and decay, which fix the relative amounts of the metals held at any given period in the several subdivisions of the globe.

The flow of the metals from Europe to India may have been quickened at particular times by a specially high price for India cotton, just as the

same flow to China is quickened to-day by the specially high price of raw silk. But the flow in the direction of India would have been as steady, and perhaps as great, if no such substance as cotton had ever existed. Changes are constantly occurring in the things which are the subject-matter of commerce. Industry takes one direction to-day and another to-morrow. If India could not have supplied its imperative want of silver by producing cotton, it would have supplied it by the production of something else. The export of cotton from this country does not date so far back as the adoption of the present Federal Constitution. Cultivation of it in our Southern States was preceded by that of indigo, and may be followed by something else now wholly unanticipated. It has been said of India that it never fails to produce anything which is demanded from it, or, in other words, anything which it can sell. It is now selling wheat, until lately entirely unknown in its list of exports; and is at this moment third on the list of countries furnishing wheat to England, being surpassed only by Russia and the United States.

The precise way in which the extra cotton exports of India during the American civil war and the extra prices then received by India for cotton may have affected the amount of its metallic stock is, that it was a circumstance which may have permanently enriched India as compared with Europe. If it did, by so much does it permanently enhance the percentage of the precious metals which India will retain. That is true of any other circumstance which may advance the relative position of India. It is unquestionable that British domination in India during this century has been favorable to its wealth and commerce. It has been a better government than India ever had before, subject to the objection, whatever the force of it may be, that it is a foreign domination, established and maintained by the sword.

The continuous metallic flow from Europe to Asia is determined by the fact that Europe, as the first receiver of the treasures of the New World, always has an excess of metallic money as compared with Asia. The necessarily lower wages and prices of Asia will always attract money. No "*taste for European goods*" can ever be created there which will be equal to its necessity for money, or put an end to the demands of its vast, rich, and industrious populations for the precious metals for other purposes, which arise from their immemorial usages and habits.

The extent of the metallic flow from Europe to Asia is determined in the long run, and aside from the temporary effect of exceptional circumstances, by the one single fact of the extent to which Europe receives the metals from other quarters. Before California and Australia, it was determined by the greater or less production of the Spanish-American mines, which had been, from the discovery of this continent to 1848, the chief source of the supply of the precious metals. At the beginning of this century Humboldt estimated their annual production at forty-three million dollars, of which he computed that twenty-five millions were sent to Asia. When that production fell off so greatly after 1809, in consequence of the revolutions in Spanish America, European supplies fell off, and the flow to Asia diminished accordingly. The fact is stated correctly in the book of W. Nassau Lee, printed in 1863, entitled "*Drain of Silver to the East*," but the reason assigned for it by him is entirely erroneous, being precisely that of the present views of the Economist.

Mr. Lee says:

Up to 1814 no great change in the normal state of things was perceptible; but in that year, consequent upon the great increase of British imports which followed the breaking

up of the old East India Company's monopoly, the flood of silver began to shallow, and in 1832-'33 it had almost dried up. From this time the tide continued to ebb and flow with uncertain fluctuations until 1849-'50, when it set in with redoubled strength, and has since been increasing in depth and breadth with such rapidity as to cause some alarm for the equilibrium of prices in India.

The returns of trade with England and China have for some years shown an average balance of £10,000,000 in favor of India.

The "*great increase of British imports after 1814*" did not result from the "*breaking up of the old East India Company's monopoly*," but was due to the fact that the metallic prices of commodities fell greatly in Europe after 1809, in consequence of a sudden diminution of the metallic supplies, consisting principally of silver from America. Humboldt estimates the annual average American silver production, at the commencement of this century, at £7,071,831. From 1809 to 1829 this annual average production was reduced, according to Jacob, to £3,109,000, and Europe, which received this production, sent less silver to Asia, for the plain reason that it had less to send. The falling prices in Europe attracted fewer commodities from India, and caused more European goods to be sent to India. It was this which caused the "*great increase of British imports after 1814*" into India, and reduced the metallic flow to India.

When the flood set in again, after 1849-'50, "*the old East India Company's monopoly*" was as much broken up as it was in 1814, and India was equally as open to unrestricted "*British imports*." But after 1849-'50 Europe could spare both gold and silver in abundance; gold, because the mines of Australia and California were producing it; and silver, by substituting gold for it in the channels of its own circulation.

Comparing the five years after with the five years before April 30, 1849, the excess of metallic imports into India over exports, taking its trade with all nations, rose from £8,578,572 to £18,938,601. A more instructive comparison will be to take periods of ten years before and after April 30, 1849. This comparison will show a rise in the excess of Indian metallic imports from £20,699,090 to £70,721,378. It took longer than five years after April 30, 1849, to cause the new gold discoveries to be fairly felt in India. The California production was active in 1849, but Australia, until 1852, had only produced \$7,000,000.

McPherson (*Commerce with India*) says:

The Indian trade arose to a considerable magnitude at the same time that the American mines began to pour their treasures into Europe, which happily has been preserved from being overwhelmed by the inundation of the precious metals, as it must have been if no such exportation had taken place.

Jevons (*Mechanism of Money and Exchanges*, 1875) says:

Asia is the great reservoir and sink of the precious metals. It has saved us from a commercial revolution and taken off our hands many millions of bullion, which would be worse than useless here. From the earliest historical ages it has stood in a similar relation to Europe. In the Middle Ages it relieved Europe of the excess of Spanish-American treasure, just as it now relieves us of the excess of Australian treasure.

Nothing short of a complete interdiction of commerce and intercourse will prevent the flow of the metals from the Occident to the Orient. The tendency of money, through its influence upon prices, to come to an equilibrium, is as certain and irresistible as the tendency of water to a level, and, like that, can only be arrested by absolutely cutting off the connections.

It will be seen how untenable the view is, which the Economist insists upon in so many different forms of language, that the great supplies of the metals, principally silver, sent from Europe to the East, during the period immediately following the California and Australian discoveries, had produced, or were rapidly producing, such a saturation of Asia with

the metals, manifested in advancing wages and prices, that the flow of the metals to Asia must cease, and even be changed into a reflux current. That no such saturation has yet been produced is shown by the current fact that the flow to Asia is as vigorous as ever. From the nature of the case, no such saturation ever can occur. The metallic flow could by no possibility proceed further at any time than to produce a monetary equilibrium between Europe and Asia; but this equilibrium would be forthwith disturbed again by the continuing fact that Europe is the receiver of the products of the mines, and that Asia is a great consumer of them. Water may come to a level between two connected reservoirs, but cannot remain at a level if new water flows into one of them while the water in the other is constantly oozing, leaking, and evaporating. The California and Australian discoveries increased the metallic supplies of Asia, but in no greater proportion than they increased the metallic supplies of Europe. They produced no greater effects in raising wages and prices, and in stimulating new wants and new tastes for luxury in Asia, than they did in Europe. If Asia consumes more European goods than formerly, Europe consumes more of the peculiar products of the Orient than formerly. Asia has only received, since 1848, its due proportion of the new supplies, in the form, largely, of silver thrown out of the European currencies by the substitution of gold, or, if any excess has been received, it is accounted for by an anterior deficiency. The water has merely risen to higher points than before in both the reservoirs at the same time, the rise in one corresponding always to the rise in the other. The direction of the flow has not changed, and never will change so long as one of the reservoirs is the sole or principal receiver of new supplies. No reflux current will set from the reservoir which is subjected without intermission to the exhaustion of oozings, leakages, and evaporation, and whose sole resource of recuperation is its connection with the other.

In respect to the two hundred and twenty-seven millions sterling of the metals sent by Europe to Asia during the twenty years ending with 1870, the Economist may have intended to say that it was 70 per cent. of the metallic production of California and Australia received in Europe during the same period, but it was certainly only 29 per cent. of the metallic production of the world during the same period. If to the two hundred and twenty-seven millions sterling received during those twenty years from Europe by Asia there be added what Asia may have received directly from the metal-producing countries, the aggregate would not seem to be out of proportion to Asiatic wealth, commerce, and population.

OPINIONS OF THE BRITISH SILVER COMMISSION.

The question of British trade and financial relations with India, as a part of the more general question of those relations between Asia and the Western World, occupies a leading position in the report of the British Silver Commission of 1876. The question deserved the position given to it, as the general Asiatic and special Indian demand for silver is of the first importance in fixing both its absolute value and its value relatively to gold.

The general view of the situation presented by the commission is, that the annual amount which the Government of India has to pay in England by way of interest on debts and such charges of administration as are payable in England, which ranged between four and five millions sterling before the Sepoy rebellion, attained between 1861 and 1867 the higher range of from nine to eleven millions, and in 1876 had

reached fifteen millions sterling, or seventy-five million dollars. The commission note, also, the following circumstance:

Less of the money received by Europeans in India appears to be retained in that country than was formerly the case. It has been stated that, owing to various circumstances, more funds are remitted to England, not only after fortunes have been made, but during the sojourn of the various officials, or European residents, in the country. A remittance from India to England is equivalent to a draft from England on India. It diminishes the aggregate balance which India has to claim when transactions are squared. And in proportion as this practice increases, so is the demand for silver diminished.

The commission state that in the four years ending March 31, 1872, the total merchandise exports of India were, in round numbers, £224,000,000, and the total merchandise imports were £135,500,000, and that in the four years ending March 31, 1876, the total merchandise exports were £223,000,000, and the total merchandise imports were £140,500,000. The merchandise balances of trade in favor of India were not materially different, on a comparison of the two periods, but the modes in which the balances were adjusted were materially different. Thus, during the first period, England paid India £40,000,000 in gold and silver, and £29,500,000 in Government bills, representing a part of the annual collection of the interest on the debts of India. During the second period, England paid India £16,500,000 in gold and silver, and £50,500,000 in Government bills. The commission treat the annual interest payments of India as so much deduction from its possible imports of specie, and while admitting that "*a desire to obtain and use silver will exist*" always in India, they regard it as a serious question, "*how, looking to the amount it has to pay to this country, it will be able to pay for that silver.*"

The question really raised by the situation, and in its nature of the first practical importance to Englishmen, while to the rest of the world its interest is purely speculative, is the reversed question of the power of India to pay in London amounts of annual interest constantly enlarging, concurrently with the necessity it is under of keeping up its stock of money by importations of silver, and concurrently with the certainty that this stock of money, happen what may to anything else, will be kept up as a matter of fact.

It is not proposed to discuss the question of the continuance of imports into India of silver for other purposes than as money. The British commission believe that the "passion for accumulating ornaments" is so strong in India that its import for that use will "displace some of the other articles imported." Be that as it may, so long as the money of India is silver, the amount of this silver money cannot be affected in any degree by the greater or less amount of Indian indebtedness to Great Britain.

In the case of countries using metallic money, the amount of such money in circulation and the flow of it, whether outward or inward, are necessarily determined by the range of prices of commercial commodities within such countries as compared with the general range of prices in the world. Money is as absolute a necessity to nations in any degree civilized and commercial as air is to the existence of the animal creation. A permanent deficiency of it below that proportion to the amount existing in the world which will maintain the general equilibrium of prices is impossible, and a similar permanent excess is equally impossible. There may be temporary deficiencies or excesses, but they speedily correct themselves. The falling prices which result from a deficiency of money stimulate exports and discourage imports until money flows in and the deficiency of it is supplied. By a reversed operation the rising prices

which result from an excess of money stimulate imports and discourage exports, until money flows out and the excess is thus carried off. No nation can pay debts so as to become permanently deficient in money, or can receive payments as a creditor so as to have a permanent excess of money. In short, neither a permanent deficiency nor a permanent excess can be brought about by payments or receipts in international relations of debtor or creditor, or in any other way.

What makes it the more remarkable that the British commission should have fallen into the fundamental error on this point, which runs through their entire discussion of the India problem, is the fact that they have constantly before them in the British situation the most striking illustration of the truth that the amount of money in a country is not increased by any amount it may receive as a creditor.

During the calendar year 1876 the excess of British merchandise imports over merchandise exports was, in round numbers, \$800,000,000. A part of this excess represents, doubtless, freights and mercantile profits, but it largely represents the annual revenue of England, as the great creditor of the world. Whatever the exact figure of that magnificent revenue may be, there is not, on account of it, one pound the more in the monetary circulation of that country. Great Britain has nominally a good deal less metallic money than France, in round numbers \$600,000,000 as compared with \$1,000,000,000, although the populations are about the same. Undoubtedly, Great Britain has effectively as much, as the various expedients of economizing the use of money by checks, &c., are more resorted to than in France.

If England should determine to collect its revenue from investments abroad, for one year, in gold and silver, and if its debtors could, by possibility, pay for one year in that form, the money in the English circulation would, of course, be by so much enlarged. But as soon as the enlargement became sensible the causes of depletion would be set in operation. Prices would rise, England would be the best place for all the world to sell in, while English exports would dwindle until the equilibrium was restored.

It is by the reversed operation of the same principles that the number of rupees in India is determined wholly by the commercial equilibrium of prices, and in no degree by indebtedness to England, large or small. And, by consequence, the Indian importation of silver is so determined, because India has no mines from which to extract the raw material from which rupees are manufactured, but must obtain it by purchases from abroad.

In respect to the fact noted by the British commission, that in the four years ending March 31, 1876, British remittances to India in the precious metals fell off, while remittances in government bills increased, it is sufficient to observe that simultaneous things are by no means necessarily connected things. It is related of a country gentleman who made a purchase of stocks in Wall street which resulted to his advantage that he had happened to notice that, at the time of the purchase, the thermometer stood at 75° Fahrenheit. His conclusion was to watch his thermometer, and when it marked 75°, no higher and no lower, to purchase more of the lucky stock. There is no more connection between the demand of India for silver and remittances to India in government bills than there is between the thermometer and the course of the prices of stocks, and perhaps not so much, as the weather does somewhat affect the temper and enterprises of mankind.

The account-current of India trade for the four years ending in March, 1876, as the British commission present it, consists of three items,

namely, (1) the payment of interest from India to England represented by government bills drawn on India; (2) the balance in favor of India of merchandise exports over merchandise imports; and (3) the cash remitted to India by England. The material questions in the case are, which of these items is the dominating one and controls the others, and which (if either) of them is completely controlled by the other two. The British commission assumes that the dominating item is the annual interest to England, and that this will always be paid, let the other two items fare as they may. They assume, also, that the cash remittance to India is controlled by the condition of the other items, and is always merely what happens to be left after deducting from India's merchandise balance the amount of its annual interest account to England.

The actual order of pre-eminence in power of these three items is precisely the reverse of what the British commission assume it to be. The demand which India, or any other country, makes for money is the most urgent and resistless of all its demands, and overbears everything else. The demand for money, instead of taking what happens to be left after deducting imports from exports, conclusively determines, by its action upon prices, what the balance of exports over imports shall be. The balance of trade depends upon prices, and prices are controlled by the abundance or deficiency of money. In the four years ending in March, 1876, the money wants of India required and were satisfied with a remittance of treasure by England of $16\frac{1}{2}$ millions sterling. In the preceding four years India had received treasure from England in a much larger measure, and its money want was temporarily less urgent. The India money-market, requiring only $16\frac{1}{2}$ millions sterling in the four years ending in March, 1876, permitted a range of prices for merchandise which made the merchandise export balance what the British commission state it to have been. If their report, instead of being made July 5, 1876, had been delayed another year, they would have found the facts in a new phase. India's interest payment to England is now somewhat greater than it was on the average of the four years ending in March, 1876. Its money demand, which had lulled during those four years because the immediately preceding treasure imports had been somewhat excessive, has resumed its normal condition of activity and power, and, in fact, far exceeds the average of twenty years past. And whatever it may be, it will compel the merchandise balance and, if necessary, the debt payment to England to conform to its own superior power. This debt payment, instead of being the pre-eminent one in the list of the necessities of India, as the British commission assume it to be, is, in fact, subordinate to both the other necessities of India, for money and for merchandise.

It is as true in financial dynamics as it is in physical dynamics, that the greater force always overcomes the less. The possession by nations of their due proportion of money is an absolute necessity and an absolute certainty. The payment by nations of their debts, however desirable it may be, is neither necessary nor certain. Mankind have not had a very long experience in the matter of national debts, as they have not been much known until within a century. But it is certain that some of the most flourishing nations of Europe, as France, Austria, and Russia, have at various times repudiated, or scaled down, larger or smaller portions of their debts. Still others, as Spain and Greece, are in a chronic condition of bankruptcy. England, from 1797 to 1821, paid nothing but suspended and depreciated bank-notes. And it is now inevitable that all the nations in Europe, including England, which have very large debts, will become bankrupt, in the event of a general and protracted

war. The law of morals is the same for Asia as for Europe, and the philosophy of facts is the same. If India cannot pay its debts, and also maintain its stock of money, it has no power of choice as to which of the two things it will do. Its stock of money will be maintained, and its debts will be postponed to a more convenient season, or will be reduced to more practicable figures, or will remain permanently unpaid.

It is undoubtedly true that a nation may be deprived of money of one kind by the substitution of money of another kind. No fact is more familiar than that in the experience of mankind. The English are the political masters of India. If they are restive under a drain of silver to India, and prefer a drain of gold, they may try the experiment of an exclusive gold currency there, but they will certainly not try it until they have determined to again suspend specie payments themselves and resort to paper money. Under the demands for gold from other nations, that metal does not exist, and is not at all likely to be produced, in quantities sufficient to sustain a gold currency in Great Britain and India at the same time. Or, adopting a different policy, and one which is not obstructed by any physical impossibility, they may decree a paper money for India, and undertake to force its circulation there by law. To whatever extent they might succeed in that, they would arrest the further export of silver to India for monetary purposes, and might even possess themselves of more or less of the silver now in the Indian circulation. Theoretically, there are no limitations upon the omnipotence of Parliament, anywhere within the British dominion. The managers of the London Times evidently supposed that there were no practical limitations when they proposed last summer that the Indian occupiers of lands, who possess nothing but silver rupees, should be commanded to pay their rents in gold sovereigns. The wise and cautious statesmen of England know that the practical limitations are numerous, and are very careful not to overstep them. The integrity of their great Empire, encircling the globe, and embracing so many diversities of religion, habits, and race, is preserved not more by arms than by policy. They will do nothing rashly in dealing with peoples so wedded to old traditions and ways as their India subjects. That they entertain no present idea of demonetizing silver in the East is illustrated by the British royal proclamation of 1876, establishing in Mauritius a silver currency, with the India rupee as the unit, the same as in British Ceylon, Mauritius having had, since 1852, an exclusive standard of gold. The money of India will remain metallic and remain silver, subject to possible gradual and partial displacements by convertible and voluntarily accepted paper, until a remote future develops conditions not now possible to be foreseen. The stock of silver money needed for India will increase with its increasing exchanges, and with the progress, known to be constant, of the substitution of coin for barter in its transactions. The flow of silver thitherward, required to maintain its stock of money, will continue so long as the seas are open and commerce is unobstructed, and it will never be diminished by the payment of debts.

THE FINANCIAL THEORIES OF THE INDIA GOVERNMENT.

The governor in council of India adopted September 22, 1876, a series of resolutions upon the financial situation, of which the following was the sixth :

When India is in a normal condition, *i. e.*, when there is no abnormal demand for any of her staples, and she is not borrowing large sums from abroad, the amount of treasure to settle her accounts with the world is not considerable, and of the treasure

received a substantial proportion has always been gold. The large imports into India since 1850 are due to abnormal circumstances, as follows:

1. The Crimean war transferred to India large demands for produce theretofore obtained from Russia.
2. The American civil war exaggerated temporarily the value of Indian cotton.
3. Great sums of money have been borrowed for—
 - a. The suppression of the mutiny.
 - b. The construction of railroads (guaranteed and state) and canals.
 - c. The Bengal famine.

This resolution entirely ignores the general and real cause which makes India a constant importer of the precious metals, which is that it has substantially no mines, and especially it ignores the plain and almost exclusive cause of the "*large imports into India since 1850*" of the precious metals, which is their extraordinary production since 1850 in California, Australia, and, more lately, Nevada. Treating these "*large imports*" as something altogether "*abnormal*," it attempts to explain them by "*abnormal circumstances*," and assigns the chief place among these "*circumstances*" to the foreign loans of India, whereas it is entirely clear, and established by ample experience that no nation ever did, or ever can increase the amount of its metallic money by foreign loans.

In the twenty-seven years from 1849 to 1875, both inclusive, the balance of the metallic imports of India over exports, taking its trade with England and all the rest of the world together, was \$1,322,941,155, one-third gold and two-thirds silver.

During the same period the total gold and silver production of the world was \$4,403,969,754.

The population of India, including the native protected states (so called), is, by a recent census, 237,000,000, or from one-fourth to one-fifth of the population of the globe.

It is thus certainly true that if the case is tested by the rule of population alone, India has received something more than its proportion of the increased metallic supplies since the California discoveries. But as compared with the average of the world, the wealth, industry, and development of India entitle it to a larger proportion of the precious metals than the rule of numbers does, and its people are also uniformly represented as specially addicted to the use of gold and silver ornaments and in hoarding.

Mackenzie, one of the witnesses examined by the British commission of 1876, said:

In every large village there is a silversmith, and as soon as a man gets a few rupees he employs the silversmith to come to his house and make the ornaments. Although the peasantry in India have poor houses, yet the amount of ornaments they have would exceed in value the furniture and utensils of the same class of peasantry in England.

That the treasure received by India from 1849 to 1875 did not overstock it is proved by the fact that, although silver has risen very greatly in value and purchasing power within four years, or, in other words, is more costly to obtain than it was four years ago, the demand of India for it, and the purchases of it made by India during the year 1876, and so far in 1877, are beyond the average of the preceding twenty-seven years.

Whether India will absorb as much treasure in twenty-seven years, beginning with 1876, as in the twenty-seven years ending in 1875, will be influenced in no degree by any of the considerations referred to either by the London Economist or the India Government.

It will be determined primarily by the amount of the aggregate metallic production of the world during the current twenty-seven years. In 1832 the flow of the metals to India "*almost dried up*." That was

because the Spanish-American mines had then "*almost dried up*," and because Europe held on to what little was received from them. The flow to India commenced again after 1850 in a deeper and broader current than ever before. That was because the metallic production of the world had then become greater than ever before.

Two circumstances have increased the proportion received by India of the total metallic production during the past twenty-seven years:

First. The abandonment by the United States and by the greater part of Europe since 1850 of the use of metallic money and the substitution of a forced circulation of paper. This, of course, has enabled India and all other metal-using countries to obtain more of the current metallic supplies than would otherwise have fallen to their share.

Second. The great progress made in India during recent years in substituting cash for barter in its internal transactions.

The India government in this enumeration of "*abnormal*" causes of India's metallic imports since 1850 overlook both these circumstances. The British commission of 1876 dwell largely upon the one last named and present the facts relating to it with great fullness.

Mr. Lee, writing in 1863 (*Drain of Silver to the East*), said that the use of coins was even then almost unknown in India outside of the cities, and he estimated that two thousand million dollars of additional coined money would be needed to properly supply it. The real population of India is now known to be two hundred and thirty-seven millions, while Mr. Lee's estimate of the coin needed for its wants was based on an estimated population of only one hundred and eighty millions. If the coins are being constantly worked up into ornaments, in the manner described by Mr. Mackenzie, the required new coinage must be greater than Mr. Lee's estimate, in some proportion not easy to compute.

The testimony taken by the British commission of 1876 is all to the effect that large parts of India are still to be supplied with coins. That commission say:

The facts warrant the conclusion that the use of silver coin has greatly extended in India, *and will continue to extend*, not so much by the use of more silver in the territories already occupied by the existing currency as by the gradual increase of its use in the remoter parts of India.

Upon the whole, the evidence seems to be that the introduction of coins into new Indian areas of circulation will continue as active during the current twenty-seven years as during the past twenty-seven. If this proves to be so, no circumstance now suggests itself calculated to diminish hereafter the proportion which India has been taking, since 1849, of the total metallic production of the world, except that suspensions of specie payments elsewhere may not occur upon so extensive a scale as heretofore. And even if India shall hereafter take a somewhat less proportion of the combined production of the two metals, it might still maintain and increase its absorption of silver. Instead of importing treasure in the ratio of two parts of silver to one of gold, the India demand for its money, which is silver, has only to become more urgent to change the ratio of silver to three parts out of four or four parts out of five.

There has really been nothing "*abnormal*" in the metallic imports of India, since 1850, which required the India government to cast about for an explanation in some "*abnormal circumstance*." Undoubtedly they have been extraordinarily large, but so have been the total metallic supplies of the world during the same period. Comparing India with Great Britain, the excess of metallic imports by the latter since the Cal-

ifornia discoveries would seem on the face of it to be decidedly the most extraordinary and "*abnormal*."

The imports of coin and bullion into Great Britain and Ireland were not registered at the custom-house before November, 1857. The official statements can, therefore, only be given for the eighteen years from 1858 to 1875, both inclusive, of the imports and exports of the precious metals. The figures are as follows:

	Imports.	Exports.
Gold	£331, 217, 152	£252, 153, 402
Silver.....	185, 858, 595	172, 555, 470
Total	517, 075, 747	424, 708, 872

Assuming the same ratio of excess of metallic exports over imports for the nine years ending with 1857, the excess for the twenty-seven years ending with 1875 would be £138,550,312, or, taking the pound at \$4.85, would be \$768,969,014. During the same period the excess of metallic imports into India over exports was \$1,322,941,155. Considering that the population of India is seven or eight times greater than that of Great Britain and Ireland, that India has, since 1848, created the greater part of its metallic currency by purchasing and coining silver, while England had only to keep good a metallic currency already existing in 1848, and that national habits in India favor so large a use of the metals, especially of silver, for other uses than as money, it is much more easy to account for the absorption of \$1,322,941,155 by India than the absorption of \$768,969,014 by Great Britain. The greater wealth of Great Britain does not explain an absorption of the precious metals more than four times as great *per capita* as that of India, which these figures show. The use of the metals, either as money or for ornament and display, does not necessarily increase with wealth and civilization. France has always had more metallic money *per capita* than England, and the evidence seems to be that in all those parts of India in which the use of money has fully superseded barter, more metallic money *per capita* is used than in England.

It would be a very grave fact, as affecting the future value of the metals, and especially of silver, if the movement of treasure to India since 1850 was really abnormal and ought to be principally ascribed to the negotiation of loans in England. On that view, which is the one taken by the India government, the movement of treasure to India must now substantially cease, as these loans are already quite as large as England deems to be safe, and will be increased only under some such overpowering necessity as famine or war. This view is not the correct one. It is based upon an entire misconception of the history of India and of Indian financial and trading relations with the rest of the world, and it involves a theory in respect to the effect of foreign loans which is contrary to sound reasoning and to experience.

Foreign loans are never ultimately realized in money. They are very rarely even temporarily and partially so realized, and, when they are, the money so received immediately flows out. It must do so, because it must raise the prices of the country receiving it, and thereby stimulate merchandise imports and diminish merchandise exports. The amount of metallic money a country may receive may be temporarily affected by accidental circumstances, such as a foreign loan, but the amount it can permanently retain is fixed by the inflexible rule that it must be such an amount as is consistent with the range of prices which the necessary commercial and monetary equilibrium of the world imposes upon every country having commercial connections with other countries.

If this range of prices, which is permanently the only possible one, is temporarily exceeded, money flows out until prices fall to the proper level, and, if prices go temporarily below this range, money flows in until they are restored to the proper level. Disregarding all theoretical refinements as to the exact office or offices of money, it is sufficient to know that there is a necessary relation between the volume of money and prices, and that therefore the tendency of prices, always at work, to come to an equilibrium between commercial countries, and which may be conveniently described as the law of prices, must at last control the flow and distribution of money.

Disturbing circumstances are of various kinds. Among them have been the facts that the bulk of the money-metals was procured in limited localities, or was received by a single country. That these circumstances only temporarily retarded the equable diffusion of the metals, was shown in the cases which conspicuously arrested the attention of mankind, of the Spanish American countries which for more than three centuries furnished nearly the entire metallic supply of the world, and of Spain, which for a considerable period largely monopolized the metallic exports from its colonies. It was soon seen that the Spanish-American countries, which produced the metals, and Spain, which principally received them, only had permanently just enough more metallic money than they would otherwise have possessed, to set in motion and keep in motion the current of outflow. Instructed by those examples, mankind at once anticipated what they have actually witnessed in the recent cases of Australia and California. Both those regions, no matter how rich in metallic production, are bound rigorously and inexorably to a certain range of metallic prices, any permanent excess beyond which would cause them to be entirely stripped of money, and, as their prices must have a certain range, they can have no other volume of metallic money than such as is consistent with that range.

Another circumstance which may possibly disturb for a time the monetary equilibrium is that of international loans. But this equilibrium speedily recovers from a disturbance, no matter what the cause of the disturbance may be, and illustrations are innumerable of the fact that countries in the long run acquire no money by borrowing abroad. This country has been conspicuous for such borrowing since the civil war, and while these borrowings have been in progress metallic money, instead of flowing into it, has flowed out of it. The case of the Australian colonies is similar to that of this country, in the fact of the possession of abundant mines, and their borrowing experience has had the same results. They are now in the full career of negotiating loans in England, under the encouragement of English bankers and manufacturers, who profit thereby; but these loans, as in our case, instead of carrying money from England to Australia, do not even diminish in the least degree the contrary flow of it from Australia to England. Russia, also a mining country, has pushed borrowing abroad since the Crimean war to a point seriously menacing its credit, but with all its foreign loans, added to the treasures of the Ural and of the Siberian gold washings, the only money found there is the paper rouble. Nowhere among all the countries making foreign loans is there perceived any inward flow of metallic money, except in the solitary case of India, which of itself suggests what is otherwise established to be true, that the inward flow in that case is due to other causes.

If we pass from the borrowing to the lending side in international transactions we see the same thing in a reversed view. Lending nations never part with any money. England, which has been making loans for

fifty years, never had any approximation to the amount of money it has loaned, and possesses as much now as it ever did. Its loans have been, in substance, mere credits to draw upon in payment for merchandise, and their net result has been the conversion of English iron, coals, cotton cloths, and similar things, at round prices and round profits, into foreign securities. As the borrowing nations obtained no money, and only swelled their merchandise imports, England parted with no money and only swelled its exports. The description given by a late Secretary of the Treasury (Governor Boutwell) of his experience in loan negotiations in England has been often quoted, and is very familiar. He was politely informed by the Bank of England that the English would be very happy to take his loans to any desired extent, but it must be on the condition that he would agree not to take any money away from London.

The recent extraordinary case of a war-fine of one thousand million dollars imposed by Germany upon France, and all actually paid by France within a space measured by months, illustrates in its consequences the sure and speedy operation of the economic laws which restore the monetary equilibrium, however extreme and violent the disturbance of it may be. The fine was paid, either in actual specie or in bills of exchange on London and other specie-paying points. France borrowed nothing abroad wherewith to make the payment, and at the end of this vast operation is found to be possessed of as much gold and silver as when the operation began, while Germany has permanently gained no gold and silver by it. The money flowed out of Germany as fast as it flowed in, from the inflation of prices which it produced. France, on the other hand, has recovered, by increased exports of merchandise, all the money paid out for the fine, and has actually prospered from the enlargement and stimulation of the industries which have furnished the means for these increased exports, which would be the experience of this country if it would set resolutely about paying off its foreign debts. But, irrespective of all other aspects of the case, it seems to be clear that, if the monetary equilibrium between Germany and France was only transiently disturbed by the memorable transaction of the war-fine, it cannot have been affected between England and India by the loans made at intervals during a series of years, which are referred to in the sixth resolution (September, 1876) of the India government.

It will not escape the most casual observation that the increased cotton export of India and the loans made by England to India did not occur until the metallic import, of which they are proposed as the explanations, was already under full headway.

The world was so stocked with cotton by the unprecedented American crop of 1860 that it was not until 1862 that Indian cotton exporters began to profit by the American civil war. The India debt to England, direct and by way of guarantees of railroad and canal investments, has grown up principally since 1862, the annual charges upon it having swollen from four millions sterling in that year to fifteen millions sterling in 1876. In fact, in the eight years after April 30, 1849, India incurred no direct debt in England, and in the same eight years the total of its debt, incurred in the shape of railroad and canal guarantees, was only £7,406,240. Manifestly, the sudden rise of Indian metallic imports to £70,721,378 in the decade after April 30, 1849, compared with £20,699,090 during the preceding decade, cannot be explained by the circumstances recited by the India government. It has been said that coming events cast their shadows before, but it has never been said that coming events can be preceded by their consequences.

To whatever extent, great or small, India may profit by better markets while Russia is engaged in war, it certainly cannot be described as an extraordinary fact that Russia was so engaged two years out of the twenty-seven ending with 1875. It will not be extraordinary if it should be engaged in war during a much larger part of the current twenty-seven years. It seems now to be preparing for a war, the duration and scope of which nobody can foresee. It was said by an old English philosopher that war was the normal condition of man in a state of nature. We are further removed from that state than we were in Hobbes's time, and it is to be hoped that the world has since improved. But it has certainly not improved so much that a condition of war two years out of twenty-seven can be described as extraordinary and "*abnormal*," in the case of Russia, or of any country.

The increased quantity and price of India cotton exports during the American civil war, and during the subsequent period of revolution in the labor system of the Southern States, may doubtless be fairly said to have been extraordinary and "*abnormal*," both in the cause and extent of the fact. But a critical examination of India trade during so long a period as twenty-seven years would probably show that the profits to India resulting from the large cotton sales commencing in 1862, have been to some extent offset by periods of depression in the prices of the various exports of India, including cotton, and by periods when India has been obliged to pay extraordinary prices for some of its imports, as notably for English coals and iron in and about 1872-'73. Commercial fluctuations of all kinds are of constant occurrence. Ordinarily, they balance and compensate each other. It is sufficient that we can be sure that it is not in accidental and temporary circumstances that the true explanation of an immemorial and constant fact, like that of the import of the precious metals by India, is to be found.

The conditions which determine the flow of the metals to the East and to India may or may not be as permanent as the configuration of the American continent which determines the flow of the Gulf Stream. Their permanency cannot, at any rate, be so certainly known. The facts of geography are patent to the eye, while the possibilities of mining are hidden in the bowels of the earth. There can be no absolute assurance that new discoveries may not reverse the history of four centuries, and cause the current of the metals to set from the Old World to the New. But for that immediate and limited future, beyond which men need not look in the practical concerns of life, confidence may reasonably remain unshaken that the metals will still flow as they have flowed without interruption since the voyages of Columbus, and that their distribution among the different parts of the Old World will be governed as heretofore, and by the same circumstances of numbers, wealth, industry, tastes, habits, and the possession or lack of mines.

THE CONSTITUTIONAL POWERS OF CONGRESS AND THE STATES IN RESPECT TO METALLIC MONEY.

The provisions of the Constitution of the United States in respect to money are—

First. The grant to Congress of the two powers, to coin money and regulate its value, and to regulate the value of foreign coins. The coinage power is made exclusive in Congress by a prohibition of it to the States. The regulation of the value of foreign coins is not prohibited to the States, and it is therefore a power which they may exercise if Congress does not exercise it.

Second. The provision that "*no State shall make anything but gold and silver coin a tender in payment of debts.*"

There being no special grants of power to Congress to establish legal tenders, or to do anything in respect to "*money*" except to "*coin*" it, and the provision above quoted in respect to the States being a recognition that the power to establish legal tenders was one of their reserved powers, it was long held that this was a "*hard-money Government*," and that gold and silver were fixed as the "*constitutional money*." The argument on this point was the short one that the States alone had jurisdiction over legal tenders, and that they were expressly restrained from making "*anything but gold and silver coin a tender in payment of debts.*"

Thus, Albert Gallatin (in 1831), after quoting the restriction upon the States, says :

As Congress has no authority to make anything whatever a tender in payment of private debts, it necessarily follows that nothing but gold and silver coin can be made a legal tender for that purpose.

Mr. Webster (speech in United States Senate, December 21, 1836), presented the same view more at large, as follows :

Most unquestionably there is no legal tender, and there can be no legal tender in this country but gold and silver, either the coinage of our own mints or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain, and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a tender in payment of debts ; and although no such prohibition is applied to Congress in express terms, *yet Congress has no power granted to it in this respect but to coin money and regulate the value of foreign coins.*

The legal tender, therefore, the constitutional standard of value, is established and cannot be overthrown. I am certainly of opinion that gold and silver, at rates fixed by Congress, constitute the legal standard of values in this country, and that neither Congress nor any State has authority to establish any other standard *or to displace this.*

The same general views were taken by the United States Supreme Court in *Ogden vs. Saunders* (12 Wheaton, 265), and in the opinions of Justices Clifford and Field in the Legal-Tender Cases (12 Wallace).

The final decision of the majority of the United States Supreme Court in the Legal-Tender Cases (12 Wallace) is so recent and so familiarly known that any enlarged statement of its character and results is unnecessary. For the present, it will be sufficient to observe that this decision does not affirm the possession by Congress of any general and substantive authority to create tenders. What it settles is, that special circumstances may arise, under which it may be "*necessary and proper*," within the meaning of those words as used in the Constitution, that Congress, in the execution of its admitted powers, should give the legal-tender function to paper, no express prohibition in that respect having been imposed upon Congress. There is nothing in the decision which affirms a right in Congress to take away the legal-tender function from gold and silver coins, which have been money in this country from its first

settlement, and which the States are, by the Constitution of the United States, expressly authorized to make "*a tender in payment of debts.*" The law of Congress of 1862, which was under judicial review in the Legal-Tender Cases, did not assume to take away the legal-tender function from either gold or silver. What that law did was to create an additional tender by giving the function of tender to certain Treasury notes. This law was passed by Congress and sustained by the Supreme Court, not upon the ground that Congress had any general authority to create paper money, but that, in the special circumstance existing, it might give the legal-tender function to a particular description of paper, as a "*necessary and proper*" means of executing certain powers, its possession of which was conceded.

It is believed that a proper consideration of the subject will show that a power thus obtained by implication to make paper a tender under certain circumstances, can never be extended to the altogether different act of taking away the legal-tender function of gold and silver coins.

GOLD AND SILVER ARE MONEY IN THE UNITED STATES BY THE COMMON LAW.

In the Institutes, pages 574 to 579, Coke discusses at large the common law of England on this subject, saying:

No subject can be enforced to take, in buying or selling or other payment, any money made but only of lawful metal; that is, of silver or gold.

The money of England is the treasure of England, and nothing is said to be treasure-trove but gold or silver.

And this is the reason that the law doth give to the King mines of gold or silver, thereof to make money, and not any other metal which a subject may have, because thereof money cannot be made.

It was by virtue of the English common law, brought here by the English subjects who founded these States, that gold and silver were money and lawful tender, down to the time of the adoption of the present Federal Constitution.

A royal proclamation in 1704, and a confirmatory act of Parliament in 1707, fixed the rates at which certain specified silver coins should be current in the American colonies, it being recited in both the proclamation and act that diversities in rating such coins, injurious to trade, had arisen. But this proclamation and act, and all the statutes of the colonies fixing the rates at which specified gold and silver coins should pass current, proceed upon the assumed fact and law that gold and silver were money and a lawful tender.

The common law of England, under which gold and silver were money, remained unaltered by any act of the British Parliament at the time our political connection with that country was severed in 1776, and for forty years afterward. Some respectable writers have fallen into the error that the act of Parliament of 1774 limited the legal-tender capacity of silver to sums not exceeding £25. Even Sir Robert Peel made that mistake in his speech on the Bank Act in 1844. What that act really prescribed, after reciting that the silver coins in use were much reduced below weight by wear, was, that in sums exceeding £25 they should be a tender, not by tale, but by weight at the mint-price of silver. Similar provisions exist now, both in England and the United States, in respect to gold coins of light weight. Silver was, therefore, a legal tender in England and in its colonies, for all sums, and upon an equal footing with gold in all respects, down to the time when the separation and independence of these American colonies were declared and maintained.

In most, if not in all of the States, it has been by virtue of the English common law, and not by virtue of new statutes, that gold and silver

coins have been money and legal tenders since the adoption of the Federal Constitution.

In the South Carolina case of *McClarín vs. Nesbitt* (Nott & McCord, vol. 2, page 519), the supreme court of that State (1820) say :

The only legal tenders in this State are gold and silver, and they are so by virtue of the common law.

At common law (2 Institutes, 577) only gold and silver were a legal tender. It was under that common law that after the act (of South Carolina) of February 6, 1752, forbidding paper, gold and silver became such.

The Federal Constitution does not command the States to make gold and silver coins a legal tender. Such a command was quite unnecessary. Gold and silver coins were already a legal tender, and always have been so in this country by the common law. But the Constitution, by prohibiting the States from making anything else a legal tender, recognizes the authority of the States to enact and maintain the legal-tender capacity of such coins.

The power of prescribing other and additional legal tenders at discretion had been largely used in giving forced currency to paper by the States, under the old confederation, as it had been used by them when they were in the colonial condition, prior to July 4, 1776. It was so exercised by them during the Revolutionary war, at the special instance and request of the Congress of the Confederation, in aid of the currency known as the continental bills. Their complete possession of the power to create other tenders than gold and silver coins, until the present Constitution limited it to gold and silver coins, has not been questioned. But neither as colonies nor under the Confederation had they ever assumed to take away the legal-tender functions from gold or silver.

THE STATES NOT ALLOWED TO SELECT EITHER GOLD OR SILVER AS A SOLE TENDER.

It seems clear that the States would be within the restriction of the United States Constitution, in prescribing that gold and silver coins fabricated by the United States, or foreign gold and silver coins at values regulated by Congress, should be legal tenders. But it may be suggested that they would also be within the restriction of the United States Constitution, in prescribing that legal tenders should be only such coins when struck from gold, or only such coins when struck from silver. This would be giving to the word "and" in the restriction a disjunctive instead of a conjunctive meaning, and as if it had been written—

No State shall make anything but gold OR silver coin a tender in payment of debts.

Undoubtedly, a disjunctive meaning may be given to the word "and," when the necessities of the context and of the surrounding facts require a disjunctive meaning. But there can be no color for it here, when the ordinary meaning, which is conjunctive, is exactly adapted to gold and silver, which constituted money, not separately but conjunctively, in the immemorial practice of mankind, and in law and in fact in this country at the date of the adoption of the Constitution. It cannot be reasonably supposed that either those who framed that instrument, or the people who ratified it, had any other idea of metallic money than that of the combined mass of gold and silver then universally recognized as such.

Of the many objections to the construction that the States may confine the legal-tender function to either metal, or give it to the two combined, at their pleasure and discretion, it will be sufficient to note the three following :

1. It involves the wholly inadmissible proposition that either or all of the States may reject as a tender one of two metals, both of which Congress is unquestionably authorized to coin as money.

2. On this construction there would be no security that the standard of value in the United States would be uniform. Some States might adopt gold, others silver, and still others the two metals in conjunction.

3. On this construction there would be no stable standard of value in any of the States, as what they did to-day they could undo to-morrow, and as a standard of gold is fundamentally different from a standard of silver, and a standard of either of the metals separately is fundamentally different from a standard of the two combined.

If the Constitution is really susceptible of a construction involving such results, it has certainly failed lamentably to secure that "sound and uniform currency" which Mr. Webster says was "one of the greatest ends contemplated in the adoption of it."

On the 22d of March, 1875, the State of New York led the way in legislating in respect to the entirely novel departure of demonetizing silver, which was initiated in the coinage act of February 12, 1873, and consummated by certain words actually found in the United States Revised Statutes of June, 1874, although having no rightful place there. The full text of the New York law referred to, including the title, is as follows:

AN ACT to establish specie payments on all contracts or obligations payable in this State in dollars and made after January first, eighteen hundred and seventy-nine.

SECTION 1. All taxes levied and confirmed in this State on and after January first, eighteen hundred and seventy-nine, shall be collected in gold, United States gold-certificates, or national-bank notes, which are redeemable in gold on demand.

SEC. 2. Every contract or obligation, made or implied, and payable within this State, and made or implied after January first, eighteen hundred and seventy-nine, and payable in dollars, but not in a specified kind of dollars, shall be payable in United States coin of the standard of weight and fineness established by the laws of the United States at the time the contract or obligation shall have been made or implied.

This New York law was enacted two months after the passage of an act of Congress providing for a coin resumption in gold January 1, 1879, and it is apparent that the framers of the New York law were disposed to go to every possible length in sanctioning and sustaining the policy of Congress.

In respect to the medium in which New York may require its taxes to be paid there is no limit upon the sovereign discretion and power of that State, and this law is both minutely and comprehensively rigorous in demanding of the tax-payer either "gold, United States gold-certificates, or national-bank notes which are redeemable in gold on demand."

When it comes to deal, however, in the second section, with private debts, express or implied, the word "gold" disappears and the word "coin" takes its place. In the title of the bill the word "gold" is softened to the word "specie." With the *animus* of the framers of the law, as disclosed in the first section, it is quite certain that "gold" disappeared from the second section, and from the title, under some coercion which was irresistible. This coercion, plainly enough, was the command of the Constitution of the United States, that "no State shall make anything but gold AND silver coin a tender in payment of debts."

This New York law is thus a recognition, and none the less entitled to weight because forced and unwilling, that the States must give the power of tender to both the gold and silver coins struck under authority of Congress. This duty rests upon all the States, and will probably be discharged by most of them without reluctance.

DEMONETIZATION.

In the legal-tender cases, Clifford, J., says:

Very strong doubts are entertained whether an act of Congress is absolutely necessary to constitute the gold and silver coins of the United States, fabricated and stamped as such by the proper executive officers of the Mint, a legal tender in payment of debts. Constituted, as such coins are by the Constitution, the standard of value, the better opinion would seem to be that they become legal tender for that purpose, if minted of the required weight and fineness.

In the same cases, Field, J., says:

Money being a standard, its coins or pieces are necessarily a legal tender. The provisions in the different coinage acts that the coins to be struck shall be such legal tender are merely declaratory of their effect when offered in payment, and are not essential to give them that character.

These are the views of eminent jurists, and no authorities can be cited for any different views on this subject. They fully cover the ground that coins "minted of the required weight and fineness" are "necessarily a legal tender," and that they are so not from any law of Congress but from the provisions of the Constitution. It seems almost superfluous to add that Congress cannot take from them a function conferred by the higher authority of the Constitution.

In the same legal-tender cases, Potter, *arguendo*, finds still another basis for the legal-tender power of coins:

Money is, *ex necessitate*, a tender in payment of debts due in money, even if not so declared by law, just as coals of a specified kind are a lawful tender in discharge of a contract for coal, and cotton of a contract calling for cotton.

If Congress can demonetize silver, it can demonetize gold, and it can also demonetize both the metals at one and the same time.

A POWER IN CONGRESS, ARISING BY IMPLICATION, TO CREATE PAPER-MONEY, CANNOT INCLUDE A POWER TO DEMONETIZE GOLD OR SILVER.

This question of a congressional demonetization of either of the precious metals is wholly different from, and in no way involved in, questions which have been raised or may be raised as to the power of Congress to create additional tenders by giving a legal-tender capacity to paper, as a supposed necessary means to execute other expressed powers.

In the Legal-Tender Cases (12 Wallace) the general grounds taken in the opinions of a majority of the court were, that Congress must necessarily determine in the first instance, subject to judicial review, what laws are necessary to execute its admitted powers; that Congress had determined that giving the function of legal-tender to certain paper was indispensable to the execution of its powers to borrow money, raise and equip armies, and suppress insurrection; that giving such a function to Treasury-notes was certainly one of the measures appropriate to those objects; and that the court did not feel justified in overriding the decision of Congress that it was a measure necessary for those objects.

The law which was under this judicial consideration neither demonetized any existing money, nor did it involve the assertion by Congress of any general power over the subject of legal-tenders. It involved only the question whether giving the function of tender to a specified description of paper was a fairly implied power under the circumstances.

Other questions have been raised in this country, but have not reached a stage requiring judicial determination, such as that of the power of Congress to create paper-money, as a means of regulating commerce, collecting taxes, &c. It is not proposed to discuss these questions, but merely to state the nature of them. For the matter in hand, it need only be observed:

1. That no general authority over legal-tenders is given to Congress by express grant.

2. That no such general authority and no general authority of any description can ever be obtained by implication. The case of an implied power is always a special case, to be decided on the exact language of the law in which such power is asserted and exercised and on the particular circumstances. In the judgment of Congress, and of the Supreme Court, the necessity had arisen from the exigencies of the civil war to give the legal-tender function to a particular description of paper, in order to execute certain powers of Congress. This may happen again, in the opinion of the same authorities, from extraordinary exigencies, rendering it impracticable to collect taxes, to pay public debts, or execute other powers of Congress in any other way. But in the case which has happened, what was held to be implied was not a general authority over tenders, but only the authority to make paper a tender in the precise circumstances then existing. And in any future case an implied power to make paper a tender can never go beyond the special necessities of such case, and can never be expanded to the proportions of a general control over tenders.

3. No case has been more familiar in the legal and political discussions of the last half century than that of *Bank vs. McCulloch* (4 Wheaton, 316), in which the opinion of the Supreme Court of the United States was drawn by Chief Justice Marshall. The case arose out of the claim of the State of Maryland to tax the business and operations within its territorial limits of the second bank of the United States. Judge Marshall sustained the implied power of Congress to charter such a bank, and disallowed the attempted taxation, on the ground that if Maryland could tax at all, it could tax to the extent of practical prohibition, and thereby nullify a power of Congress, decided by the court to exist by a fair implication. In respect to the powers of the national and State governments Judge Marshall said:

There is a plain repugnance in conferring on one government a power to control the constitutional measures of another.

This rule is a two-edged sword, and Judge Marshall used both edges. He would not concede to Maryland the right to destroy by taxation a business and operations which he held that Congress had an implied power to authorize; and, on the other hand, he would not concede to Congress the right to shield from Maryland taxation any property drawn into the business and operations of a fiscal agency created under a merely implied power, which had been and would otherwise have remained subject to such taxation. His conclusion is:

This opinion does not deprive the States of any resources which they originally possessed. It does not extend to a tax paid by the real property of the bank, nor to a tax on the interest which the citizens of Maryland may have in the institution.

The principles laid down in *Bank vs. McCulloch* are recognized in the legislation which governs the taxation of the present national banks. The power to create such banks is only an implied one, and it is so exercised as not to impair the right of the States to impose taxes. The express powers of Congress would not be subject to such a limitation.

4. The range of implication, as a source of congressional power, is undoubtedly wide. The language of courts defining its limits, although presumably always as precise as the subject admits of, is often somewhat elastic in the possibilities of its meaning. But there is one clear and inflexible rule governing this kind of implication, which is laid down in all the cases and by all the courts and authorities. That rule is, that no power shall ever be obtained by implication which contra-

venes any expressed language of the Constitution. Under this rule Congress would not be permitted to make paper a legal tender, but would be compelled to find some other means of executing its expressed powers, if the Constitution imposed upon Congress the prohibition imposed upon the States against making anything but gold and silver coins a tender. And under this same rule no power can ever be implied in Congress in contravention of the authority to make gold and silver coins a tender, which the Constitution does by express words recognize as belonging to the States, and which is the same thing as if the Constitution did by express words grant that authority to the States.

The means which Congress may use, on the ground of being necessary and proper to the execution of an expressed power, are described by Kent (Commentaries, 1250) as—

All the means fairly applicable to the attainment of the power, and not specially precluded by specified exceptions.

By Story (Commentaries on the Constitution, 1245) as—

All the means requisite and fairly applicable to the attainment of the end of the power, unless they are excepted in the Constitution.

By Marshall (Bank vs. McCulloch, 4 Wheaton, 316) as—

All the means which are appropriate, which are plainly adapted to the end, which are not prohibited, but consist with the letter and spirit of the Constitution.

It can make no difference whether a proposed act of Congress contravenes an express prohibition imposed upon it, or whether the effect of the act is to defeat an express grant to the States. In either case the rule is equally applicable that no power can be obtained by Congress by implication inconsistent with the expressed provisions of the Constitution. It therefore results that the implied power of Congress to give the legal-tender function to paper under certain circumstances can never be so extended as to divest the States of their expressly recognized right to make gold and silver coins a tender in payment of debts. The choice of means is never so narrowed that means cannot be found to execute the expressed powers of Congress without overstepping expressed limitations.

5. Even if it could be maintained, as it cannot be, that the power to demonetize gold or silver, which contravenes the express power of the States to make them legal tender can ever be obtained by implication, it is not easily conceivable by what species of implication such an act of mere negation as an enactment that gold or silver shall not be a tender can be necessary to enable Congress to perform any of the functions devolved upon it by the Constitution. It may be true that a power can be implied to issue paper in aid of the expressed powers to borrow money, regulate commerce, declare war, support armies, or collect taxes, but until some form of paper can be devised not hitherto known superior in market-value to metallic money, it cannot be necessary to the circulation of paper that metallic money should be demonetized. No such thing was thought of when the act of February 25, 1862, creating paper legal-tenders, was enacted. No implication less sweeping than the implication of a general power to regulate the currency and to control the question of money in all its aspects will cover the ground of demonetizing either metal, and such a power as that will cover the ground of demonetizing both and establishing any conceivable substitute for them.

THE POWER OF CONGRESS OVER MONEY AS AFFECTED BY THE DECISION OF THE LEGAL-TENDER CASES.

There must be admitted to be some hazards in making the concession which the precedent of the legal-tender paper of the civil war, and the decision of the Supreme Court thereupon, compel to be made, that exigencies may arise when it will be "*necessary and proper*" for Congress, in order to execute its expressed powers, to force the currency of paper by law. Whatever the hazards may be, there is no escape from them. It is, however, true that the exigency which existed in the only case which has occurred of the exercise of this power, was real, and that the patriotic motives and high intelligence of those who determined that the necessity for it existed are unquestionable. For the future it will moderate, if it does not wholly dispel alarms, to remember that sentiments of justice and of respect for private rights are nowhere so strong in this country as among the masses of the people, and that while they have often been the victims they have never been the perpetrators of frauds by means of monetary legislation.

Paper money, issued on the ground of being necessary in the execution of the expressed powers of Congress, cannot altogether escape certain limitations. On the other hand, the demonetization by Congress of either gold or silver is impossible except upon the theory of the possession by Congress of a general authority over money and tenders, and such authority, if it really exists, is not restricted, as in the case of the States, by the prohibition that nothing but gold and silver coins shall be made a tender. If Congress can demonetize silver it can demonetize gold, or both gold and silver, and can monetize any substance or any form of paper. Narrowing money to gold is for the intended although really doubtful advantage of creditors, but they have more to lose than to gain by affirming a power which can be so easily used in a different direction and to their ruin.

There is no rule of political ethics which either will or ought to restrain those who deny the constitutional existence of a power actually exercised by Congress, from exercising it themselves, if they can. It would be giving a bounty upon the usurpation of a power to leave the use and enjoyment of it exclusively to those who instigate the usurpation, and, furthermore, the question of the constitutionality of a power is ended and concluded for the time being so long as its actual exercise is an existing fact. To say that any power is certain in the end to be used in the interest of the preponderating political forces of the country, would be to say that the people can be reached only by appeals to their selfishness, and are insensible to considerations of justice and patriotism, which is not true. But it is idle to expect that men will not be more solicitous about the protection of their own rights, when they are invaded, than about the rights of the invaders, and it is no new lesson for mankind to learn, that defensive war is never waged more efficiently than when it is waged offensively.

FOREIGN COINS. IF CONGRESS DOES NOT REGULATE THEIR VALUE THE STATES MAY REGULATE IT, AND MAKE THEM A TENDER.

Section 3582 of the U. S. Revised Statutes is in the following words:

No foreign gold or silver coins shall be a legal tender in payment of debts.

The reference in the margin is to the third section of the act of February 21, 1857, entitled "An act relating to foreign coins," &c., which third section is in the following words:

All former acts authorizing the currency of foreign gold and silver coins and declaring the same a legal tender in payment of debts are hereby repealed, but it shall be the duty of the Director of the Mint to cause assays to be made from time to time of such foreign coins as may be known to our commerce to determine their average weight, fineness, and value, and to embrace in his annual report a statement thereof.

Subsequently, on the 3d of March, 1873, in the first section of "An act to establish the custom-house valuation of the sovereign," &c., it was enacted as follows:

The value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated annually by the Director of the Mint, and be proclaimed on the first day of January by the Secretary of the Treasury.

The foregoing first section of the act of March 3, 1873, is embodied without any change in the Revised Statutes, of which it constitutes section numbered 3564.

Two constructions of the act of February 21, 1857, are possible. One is, that while it does not expressly prohibit the currency of foreign coins, its object and its effect were practically to prevent their currency, by a repeal of all laws regulating their value. Another is, that it substitutes a new rule of valuation. All the former laws, which had been very numerous and had been frequently changed, had specified in dollars and cents the tender value of each and every coin named in them. If the act of February 21, 1857, had repealed these former laws and then stopped, no regulation would have remained of the values at which they should be current. But the act of February 21, 1857, does not stop with the repeal of former laws, but proceeds to prescribe a new mode of ascertaining and promulgating the value of foreign coins.

When two constructions of a law are fairly possible, that construction is to be adopted which will make the law conformable to the duty of the legislators and bring it within their constitutional power, while that construction is to be avoided under which the law would be in derogation of their duty, and plainly transcend their authority. The power which Congress has in the premises is very precisely written down in the Constitution. It is neither to prohibit nor to authorize the circulation of foreign coins, but it is simply to "*regulate*" their value, which can mean nothing else than to declare authoritatively what their value is. Colonel Benton (Thirty Years in the Senate, vol. 1, pp. 444, 445) says:

It was the intention of the Constitution that foreign coins should pass currently as money; this was the design of the States in conferring upon Congress the power of regulating the value of these coins; and all the laws of Congress for preventing the circulation of foreign coins are so many breaches of the Constitution. The only power the Constitution has given to Congress over foreign coins is a power to regulate their value and to protect them from debasement by counterfeiters. It is certainly a most strange construction of that authority to prohibit their circulation.

Section 3582 of the Revised Statutes, declaring that foreign coins shall not be a legal tender, is clearly without support in any constitutional power of Congress, and is therefore invalid. And, furthermore, it is not a correct revision of the act of February 21, 1857, referred to in the margin, because that act contains no prohibition of foreign coins as tenders.

It may be denied that Congress can turn over its power of regulating the value of foreign coins, to be exercised by the executive officers of the Mint. But, on the other hand, it may be claimed, that, in the first section of the act of March 3, 1873, since incorporated into the Revised Statutes, Congress does itself regulate the value of foreign coins by defining with exact precision the rule for regulating it, namely, that the

value "*shall be that of the pure metal of such coin.*" The operations remaining to be performed, namely, those of assaying and weighing, are purely executive in their nature.

Upon the whole, the view seems to be the sounder one, in respect to coins of gold and silver, the value of which is annually proclaimed under section 3564 of the Revised Statutes, that their value is regulated by Congress under its constitutional power of regulating it.

On this view, such coins are legal tenders without any special action in the premises by the States, and, indeed, could not be deprived of their legal-tender capacity by the States. Foreign coins, the value of which is regulated by Congress, are on the same constitutional footing with coins struck under the authority of Congress.

But if it shall be held that the annual proclamations of the value of foreign coins under section 3564 of the Revised Statutes are not a proper and effective exercise of the power of Congress to regulate the value of foreign coins, the States may themselves, if they shall see fit to do so, regulate the value of such coins until Congress shall effectively exercise its power in this regard. The power of regulating the value of foreign coins possessed by Congress is not an exclusive power, either by the terms of the grant or by its intrinsic character. It is not prohibited to the States, and may therefore be exercised by them, if Congress does not exercise it.

The authorities on this point are harmonious. They will be found collated by Chancellor Kent (*Commentaries*, vol. 1, page 387, *et seq.*), who deduces and lays down the true rule:

The mere grant of a power to Congress does not imply a prohibition on the States to exercise the same power. Thus, Congress is authorized to establish uniform laws on the subject of bankruptcy, but the States may pass bankrupt laws, provided there be no act of Congress in force establishing a uniform law on that subject. The States may legislate in the absence of congressional regulations. It is not the mere existence of the power, but its exercise, which is incompatible with the exercise of the same power by the States.

This has been so held by the Supreme Court of the United States, in *Houston vs. Moore* (5 Wheaton, 1), of which case Chancellor Kent says:

The doctrine of the court was that when Congress exercised its powers upon any given subject, the States could not enter upon the same ground and provide for the same objects.

It is proper to be noted as a part of the history of this part of the Constitution, that, under the articles of confederation, Congress possessed the coinage power, not exclusively, but concurrently with the States, and did not possess at all the power of regulating the value of foreign coins. The changes made by the Constitution gave the coinage power to Congress exclusively, by prohibiting the States from coining, and also gave to Congress the new power of regulating the value of foreign coins. The words of the grant of power in the articles of confederation are:

The sole and exclusive right and power of regulating the alloy and value of coin struck by their own authority, or by that of the States.

Story (*Commentaries on the Constitution*, 1117) says:

Under the Confederation, there was no power given to regulate the value of foreign coin; an omission which, in a great measure, would destroy any uniformity in the value of the foreign coin, since the respective States might, by different regulations, create a different value in each. The Constitution has, with great propriety, cured this defect.

See, to the same effect, *The Federalist*, No. 42. As will be noticed, Judge Story treats the right to make foreign coins a tender as unques-

tionably belonging to the States, subject to the power of Congress to regulate the value of such coins. There is no other restriction on it, and if Congress does not see fit to exercise this regulating power, the right of the States may be exercised by them at their unlimited discretion.

There are many reasons, some of convenience and others of high expediency, which require the free circulation of foreign coins. The striking of money is expensive, especially of silver money, and it is a useless tax, either upon the Government or individuals, to require that coins issued by mints as reputable and as reliable as our own, should be recoinced at our mints. The managers of our mints compute the actual cost of silver coinage at one and a half per centum of the value. Their dealings with customers in the matter of trade-dollars are made on that basis. Our commerce has always brought the Mexican dollar into this country in good abundance. No more reliable dollar was ever manufactured, and it deserves the world-wide reputation which it enjoys. Whatever disorders there may have been in other branches of Mexican administration, the mint of that republic has always been admirably managed, and still is so. It is a flagrant abuse to subject our citizens who receive the Mexican dollar in lawful commerce to a loss of one and a half per centum in the conversion of that dollar into another which is no better in any respect, and to the additional loss of the time consumed in the operation. The Mexican dollar was the successor of the old Spanish dollar in our circulation, and no coin was better approved in this country when silver was a part of the circulation.

The managers of our mint have the natural desire to enlarge its operations. Personal importance is magnified by such enlargement, and so is patronage. All official bureaus and departments have the same interest. Even courts are not exempt from this infirmity, as it is one of their approved maxims that it is the part of a good judge to enlarge his jurisdiction. There can be no doubt that in the history of this Government there has always been more or less of influence exerted by the officials of the mint in the direction of compelling an unnecessary and wasteful recoinage of classes of foreign coins which have been in no degree improved by recoining.

If the States shall enact that the Mexican silver dollar, or any other foreign coin, gold or silver, shall be a legal-tender at the valuation fixed in the annual proclamations of the Secretary of the Treasury, such legislation, *quacunque via data*, must be good. It would be good, although merely cumulative and superfluous, if such proclamations are an effective exercise of the power of Congress to regulate the value of foreign coins. And it would be good if such proclamations are not an effective exercise of the power of Congress, because the States can regulate the value of foreign coins if Congress does not exercise its power in that respect.

REVISION OF 1874 OF THE LAWS OF THE UNITED STATES.

The laws known as the Revised Statutes of the United States were enacted in bulk in June, 1874, by Congress, under the assurance of the committee of revision that they were a consolidation of the pre-existing laws, without any change and without the introduction of any new matter.

Judge Poland, of Vermont, was one of the members of the House committee on the revision. On the 4th of January, 1876, he had occasion, in a letter to the Secretary of the Treasury, to discuss the question whether a certain change in the Revised Statutes changed the custom-house duty on a particular class of wools. He insisted that, as no change

of any kind was intended by Congress, the language of the Revised Statutes should not be construed so as to make a change, if such a construction could possibly be avoided. He says in this letter:

The committee repeatedly and publicly declared in the House their purpose not to have the revision make any change in the law, and in their action on this subject they intended to act with scrupulous regard to this pledge to the House. * * * I understand very well that in the construction of a statute its meaning and purpose must be mainly sought in its own language, but the history of and concurrent circumstances attending legislation have often been considered in determining the true intent and meaning of a statute whose language left its object and purpose obscure and doubtful. So in the construction of any section of the revision, where it becomes a question of doubt and difficulty whether a change of law was intended, the fact I have stated above—that the committee so often and so publicly declared their purpose to make no change, and upon which Congress acted—is a matter proper to be considered.

The Congressional Record will show that the statements made by Judge Poland in this letter of January 4, 1876, as to the assurances given to the House by its committee on the revision, are entirely correct. One member of that committee, General Butler, with his accustomed energy of expression, declared to the House that the Revised Statutes proposed for their approval contained “not one word and not one letter” of new matter.

Bearing in mind what Congress intended to do, and supposed it was doing, when it adopted the Revised Statutes in 1874, the inaccuracy of the revision on page 712, being title xxxix, will become apparent.

Section 3586 of this revision reads as follows:

The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

No existing law justified this provision, unless it is the law referred to in the margin, and which is the 15th section of the coinage act of February 12, 1873, and is in the following words:

The silver coins of the United States shall be a trade-dollar, a half-dollar or fifty-cent piece, a quarter-dollar or twenty-five-cent piece, a dime or ten-cent piece; and the weight of the trade-dollar shall be four hundred and twenty grains troy; the weight of the half-dollar shall be twelve grams (grammes) and one-half of a gram (gramme); the quarter-dollar and the dime shall be, respectively, one-half and one-fifth of the weight of said half-dollar; and said coins shall be a legal tender at their nominal value for any amount not exceeding five dollars in any one payment.

Inasmuch as all the provisions of the coinage act of February 12, 1873, authorizing the striking of the trade-dollar, half-dollar, quarter-dollar, and dime are transferred to, and now form a part of, the Revised Statutes, a correct revision of the 15th section of the act of February 12, 1873, would have been to prescribe, not that all the silver coins of the United States, but that the silver coins *authorized to be struck by the Revised Statutes*, should be a tender for five dollars and no more. This would have left the law just as it was left by the act of February 12, 1873, which contains no such thing as a sweeping demonetization of all the silver coins authorized and struck prior to its date, and of all silver coins which might be authorized by subsequent Congresses. The “said coins,” limited in their tender capacity to five dollars by the act of February 12, 1873, are precisely described, and they are the trade-dollar, half-dollar, quarter-dollar, and dime. They are all of peculiar weights, differing from the old standard dollar of four hundred and twelve and one-half grains. One of them, the trade-dollar, was wholly new to our legislation, and was intended exclusively for export to the East. The others corresponded very nearly to the underweighted coins authorized twenty years before, and which had never been a tender for more than five dollars. The act of February 12, 1873, did not reduce to five dollars the tender capacity of the old standard dollars which might still be

in existence, or of the silver coins of a less denomination of one dollar which were struck prior to 1853 and were of full weight, and great numbers of which still exist and have re-appeared in actual circulation within the past year.

It is true that the striking of any other silver coins than those enumerated in the 15th section of the act of February 12, 1873, is prohibited by the comprehensive language of the 17th section, which reads as follows:

No coins, either of gold, silver, or minor coinage, shall hereafter be issued from the mint other than those of the denominations, standards, or weights herein set forth.

But what one Congress does another Congress may undo, and it has frequently happened that laws are altered by the same Congress which enacted them. The reason actually assigned in 1873 for dropping the coinage of the old standard dollar was that, in the then market relation of the two precious metals, it was worth 103 cents in gold, and therefore could not be kept in circulation. But the market relation of the metals might change, and has in fact changed. The views prevailing in Congress might also change, as they have often changed in times past, as to the coins they would authorize.

If any Congress, subsequent to 1873, authorized the striking of the old standard dollar, the full tender capacity of such dollar would not be affected by the 15th section of the act of February 21, 1873, which applies only to the "*said coins*" enumerated in it. But such a dollar, if authorized after June, 1874, would be, by the Revised Statutes, reduced to a tender capacity of five dollars.

The variance is vital, between the 15th section of the act of February 21, 1873, and section 3586 of the Revised Statutes. The 15th section (1873) limits the tender of four specified silver coins, differing in weight of silver from the old standard dollar. Section 3586 (1874) limits the tender of all silver coins, present, past, and future. It applies not only to the four silver coins then authorized, but to all the silver coins which had been struck prior to 1873, and many of which in actual existence were full legal tenders, notwithstanding the act of February 21, 1873. And it will apply, by legal construction, to all silver coins hereafter authorized by Congress, and not specially excepted from its operation.

Section 3584 of title xxxix of the Revised Statutes is as follows:

No foreign gold or silver coins shall be a legal tender in payment of debts.

As already stated, it appears from the marginal reference that this is claimed to be a revision of the 3d section of an act passed February 21, 1857, relating to foreign coins. And, as already shown, whatever may have been the practical effect of that act, or whatever may have been the object of its framers, it contains no such language as that "*no foreign gold or silver coins shall be a legal tender in payment of debts*," nor any approximation to such language. What it does is to repeal "all former acts authorizing the currency of foreign gold or silver coins, and declaring the same a tender in payments of debts," which left the case precisely as if Congress had never legislated on the subject at all, unless subsequent clauses of the act are construed to prescribe a new regulation of the value at which foreign coins may be current. In no part of it, and by no possible construction, does the act prohibit the currency of foreign coins, or declare that they shall not be "*a legal tender in payment of debts*."

The duty of revisers and consolidators of laws in such a case seems to be very plain. It is simply to leave out of the revision the laws which are repealed. Indeed, there is nothing left to be revised. What the effect may be of the non-existence of any law of Congress "author.

izing the currency of foreign gold or silver coins," whether because no such law was ever enacted, or because all such laws may have been repealed, is a question with which revisers have no proper concern. But in this case they have gratuitously and most strangely assumed that to repeal laws which fixed particular rates at which foreign coins should have currency, is the same thing as prohibiting their currency.

One erroneous revision, tending to effect a particular object, may excite only a suspicion that the error arose from design and not inadvertence. But two erroneous revisions, both tending to effect the same object, change the suspicion into an almost conclusive conviction. When to a surreptitious introduction into the Revised Statutes of words demonetizing all the silver coins of the United States, is added the surreptitious introduction of words prohibiting the currency of foreign silver coins, the design being masked against casual observation by the generality of a prohibition of the currency of foreign coins, both gold and silver, it is impossible to doubt that the laws of the country had been tampered with. Who the perpetrators of this crime were, is not likely ever to be satisfactorily known. It is by no means certain that they were the persons officially connected with the revision. The artful suggestions which mislead those who draught laws often come from outside and unsuspected parties.

It may be said, in respect to these criticisms upon the revision to be found in title XXXIX, that even if well justified they are without practical importance, because the Revised Statutes must be interpreted and enforced according to the language actually found in them. But when the question of the constitutionality of any part of the Revised Statutes is presented for judicial decision, it will be found to make the greatest possible practical difference, whether such part was adopted knowingly and intentionally by Congress, and truly represents its will, or crept into the law through the blundering or design of clerks, committees, copyists, revisers, enrollers, or other persons. Courts uniformly declare that a proper deference to the law-making power requires them to presume that laws are constitutional unless the contrary plainly appears. They regard the setting aside of laws on the ground of unconstitutionality as involving a grave and weighty responsibility, to be assumed only after cautious consideration. Courts would regard in a very different light any sections of the Revised Statutes which proved, upon examination, to be not revisions, but perversions of the laws. And if such perversions, whether the result of ignorance or design, are also "*breaches of the Constitution*," as the section prohibiting the currency of foreign coins manifestly is, the courts, which pronounce them to be so, will not overrule any decision of Congress, but will protect that body against what is really an invasion of its authority.

It may turn out that the courts may be able, by a courageous use of the resources of construction, to interpret section 3586 of the Revised Statutes as confined to the particular silver coins, to the striking of which the Revised Statutes restrict the Mint. Such a construction would make the section what it ought to be, by making it conformable to the act of February 12, 1873, referred to in the margin of it, and of which it should be a transcript without change of substance.

THE STATES CAN MAKE ANY GOLD OR SILVER COINS OF THE UNITED STATES LEGAL TENDER FOR ALL SUMS.

It is sometimes said that the States cannot give the capacity of full legal tender to the silver coins, the striking of which is authorized by

the present laws of the United States, because they are under-weighted, with the exception of the trade-dollar, which is intended exclusively for foreign purposes. To this two answers may be made, either of them sufficient.

There is no standard silver dollar authorized by law, or any other standard, by comparison with which the present half-dollars, quarter-dollars, and dimes can be said to be under-weighted, and in no sense whatever are they under-weighted.

Taking the weights of these silver coins and the weights of the gold coins as now prescribed, the relation between gold and silver is 14.95 to 1, which varies very little from the relation of 15 to 1 fixed by Mr. Hamilton in 1792. At the present market relation of silver to gold, the relation of 14.95 undoubtedly overvalues silver; but the present market relation is admitted to be abnormal. In the opinion of many well-informed persons, the paramount and controlling tendencies, founded upon the facts of mining, are toward an appreciation of silver. But, however that may turn out, the right of Congress to establish the relations of 14.95 to 1, or any other relation, is unquestioned and unquestionable.

But if the half-dollars, quarter-dollars, and dimes are now under-weighted, or if they shall become so hereafter, by the striking of a silver dollar of a different proportional weight, the right of the States to make them a tender for all sums is not and will not be affected. Whatever their weight may be, they will be silver coins of the United States, and it is a scandalous and altogether inadmissible supposition that the Government of this country will ever issue coins for the purposes of profit, the equality of which in market-value with all other coins it does not adequately secure, by limitation of quantity, redemption in other coins, receivability for taxes, or some other effective method. No government in Europe issues any such fraudulent coins, or would dare to do it. It is in small silver coins that the wages of labor are paid, and it is not to be assumed as possible that the Government of this country will ever issue such coins without maintaining their full value. If such a thing is possible, and shall actually occur, it may be a question whether it would not then become the special duty, as well as right of the States, to preserve such coins from discredit and depreciation by making them a full legal tender.

LEGISLATION IN EUROPE AND THE UNITED STATES IN RELATION TO SUBSIDIARY SILVER COINS MINTED BELOW WEIGHT OR STANDARD.

Silver was adopted January 24, 1857, as the exclusive standard by all the German states, then including Austria. This was done by what is called the Vienna Coin Convention. This convention provided also for a subsidiary silver coinage, to be a tender for an amount not exceeding the value of the smallest coin of full weight and standard issued by the states respectively, and each state was bound to redeem these subsidiary coins in other coins of full weight and standard and having the capacity of unlimited legal tender.

In Spain, by a royal decree of October 19, 1868, a subsidiary silver coinage was provided $\frac{835}{1000}$ fine, the Spanish standard being, like the French, nine-tenths fine. These subsidiary coins were made a tender for not exceeding fifty *pesetas* (about \$9.30). But the decree adds that

"the state, however, will receive them from the tax-payers without limitation."

The subsidiary silver coinage of France, Italy, Belgium, and Switzerland, constituting the Latin Union, is regulated by the convention between them of December 25, 1865. It is not under-weighted, but is below standard, being $\frac{835}{1000}$ fine, whereas the standard of those countries is nine tenths fine. It is made a legal tender to an amount not exceeding fifty francs, but only to the citizens of the country issuing it. This coinage of each country is made receivable for taxes in all the countries comprising the Latin Union for any amount not exceeding one hundred francs; but in the country issuing it this receivability is "*without limitation of quantity.*" And each country is obliged to redeem its subsidiary coins in coins of full standard, when presented in sums not less than one hundred francs, by either the governments or citizens of the other countries. The last provision remains in force for two years after the convention expires.

The silver and other minor coins of Germany, which are tenders for only small sums under the new monetary *régime* of the single gold standard, are regulated by the law of July 16, 1873, article 9 of which directs that the silver coins shall be received at the treasuries of all the states and of the empire for all sums, and further directs that the Federal Council shall designate public treasuries where redemption shall be made in gold of silver coins when presented in sums not less than 200 marks (about \$50), and of nickel and copper coins when presented in sums not less than fifty marks. Article 10 directs that pieces of silver, nickel, and copper reduced by wear below weight shall be accepted for taxes at their nominal value at all public treasuries and be retired from circulation, and that the loss shall be borne by the empire.

The law of Holland of 1875, providing (among other things) for subsidiary silver coins to be a tender for twenty florins (about \$8), makes them receivable in any amount for all taxes. And it also provides that such coins, when presented in sums not less than fifty florins, and bronze coins when presented in sums not less than five florins, shall be redeemed by the government in gold, or in such silver coins as have the capacity of full legal tender.

The adoption of the single gold standard by the Scandinavian states, and the issue of silver coins as a tender for small sums, was arranged by a monetary treaty (December 18, 1872) between Sweden and Denmark, and by a law (June 1, 1873) of Norway. In both the treaty and the law it is provided that these coins shall be received for all taxes until they are so much worn that it cannot be seen by what country they are issued, and that they shall be redeemed in gold, when presented in any sum divisible by ten crowns. And this last provision is made also in respect to the bronze coins.

The British law of 1816, establishing the single standard of gold, but authorizing silver coin as a tender for forty shillings (\$9.72), had the peculiarity that it did not restrict this subsidiary silver coinage to the government. Any owner of silver sufficient to make sixty-two shillings on the relation between gold and silver as existing in England since 1717 could have it coined, but the mint struck from it sixty-six shillings, of which it retained four for all charges and as a profit, and delivered sixty-two to the depositor. The security against an oversupply of subsidiary coins was, that silver would not be brought to the mint if sixty-two coined shillings were less valuable in the market than silver enough to have been coined into sixty-six shillings.

Undoubtedly this did adequately secure an equality of market-value

between sixty-two coined silver shillings and a weight of silver bullion sufficient for sixty-six such shillings. And it also adequately secured an equality of market-value between twenty coined silver shillings and a sovereign, or a pound sterling in gold, so long as silver did not depreciate sensibly in the market below the relation of silver to gold established by the British mint regulations.

The British coinage act of 1870 does not contain the provision of the act of 1816, which authorized anybody to carry silver to the mint for coinage. The practice under the act of 1870 has been the same, however, as it had been during many years previously, all the dealings with the mint for the coinage of both gold and silver, for the supply of England, being carried on by the Bank of England. If its stock of silver coins accumulates, it ceases to procure their further coinage until the current changes and a declining stock threaten a scarcity. The same office is performed for Scotland and Ireland by the banks of those parts of the British Empire. An examination of the annual reports of the master of the mint, for several years before as well as after 1870, shows no deliveries of silver coin outside of the Bank of England and the Irish and Scotch banks, except small sums for the military chests of troops stationed elsewhere than in the United Kingdom, and occasionally for the supply of the governments of those colonies which have no mints.

Neither the act of 1816 nor that of 1870 provides for the redemption in gold, or receivability for taxes, of the silver coinage. But neither act prohibits or limits such receivability in any branch of the revenue, nor is any such prohibition or limitation supposed to be enforced in practice. The Bank of England, which is the principal depository of government funds, can have no reason for declining to receive silver coins, when it is constantly purchasing them at the mint at full prices.

The European precedents seem to be uniform, therefore, in favor of the policy of securing an actual equality of market-value between subsidiary silver coins deficient in weight or standard and other coins. It is not believed that there is any case in Europe in which a government issuing coin has repudiated and discredited it by refusing to receive it for any debt or tax of any description.

The precedents in this country are the same way, with a single unimportant and very temporary exception, that of the silver three-cent piece as it was originally coined, three-fourths fine, under the act of March 3, 1851. The act of August 31, 1852, prohibiting the receipt for government dues of coins below the regular standard of nine-tenths fine, would apply to the three-cent piece as originally coined, but ceased to be applicable after March 3, 1853, when that coin was directed to be struck of the full standard.

The silver coinage under the act of February 21, 1853, being of full standard, although under weight, did not come within the prohibition of the act of August 31, 1852, nor does the silver coinage issued under the laws as codified in the Revised Statutes of 1874.

The same policy, of securing to small money an equality of relative value with large money, governed the legislation of this country in respect to the paper issues of the period of the civil war. It is true that those who then controlled public affairs established two moneys, but they did not establish one money for small transactions and another money for large transactions. They established two moneys for different classes of debts, with no reference to their magnitude. All ordinary persons were compelled to receive paper for their debts, however large,

while bondholders were promised and secured payment in coin of the interest on their bonds, however small the amount might be.

In the paper issues there was a fractional currency, but this had secured to it an equality of relative value with paper of the highest denominations, by redemption in such paper.

This provision made the fractional paper currency, although not a legal tender for any sum, great or small, actually equal in market-value and current acceptability to the greenback.

The theory of this legislation, thus uniform in Europe and the United States, manifestly is, that the money in which wages are paid and retail transactions are carried on should be practically interchangeable without discount, with money of the largest denominations. An inferior currency for small transactions, and a superior currency for large transactions, would subject laborers to constant loss, not merely in the payment of such debts as could not be discharged in the inferior currency, but in all their ordinary purchases. Goods bought at wholesale, and therefore with the superior currency, could not be retailed for the inferior currency without such an addition to their price as would cover the difference of the two currencies.

Tender for private debts, and receivability for taxes and other duties to the United States, are things entirely distinct and independent of each other. Special laws have always defined exactly and specifically what the United States would receive. The existing laws, as consolidated in the Revised Statutes, do so. There are no limits upon the discretion of Congress in the enactment of such laws, except that they must observe the rule of uniformity as respects persons and localities. Any kind of money might be refused, and taxes collected in kind, in cases admitting of that mode of collection. The Treasury notes issued under the act of February 25, 1862, are a legal tender for private debts of every description and for all amounts, but they are not receivable for import duties. The fractional paper currency is not a tender for any amount, nor are national-bank notes, but under acts of Congress they are receivable in certain branches of the public revenue, this receivability being limited, in the case of the fractional currency, to a specified sum. The whole history of legislation in the United States shows that questions of tender for private debts and of receivability for taxes have no connection with each other.

The existing laws which control the kind of moneys to be received for the several descriptions of dues to the United States are as follows:

Section 962 of the Revised Statutes prescribes that in suits for the recovery of custom-house duties the judgments obtained shall be "*payable in the coin by law receivable for duties.*"

Section 1746 is in the following words:

All fees collected by diplomatic and consular officers for and in behalf of the United States shall be collected in the coin of the United States, or at its representative value in exchange.

Section 3009 is in the following words:

All duties upon imports shall be collected in ready money, and shall be paid in coin, or in United States notes payable on demand, authorized to be issued prior to the 25th day of February, 1862, and by law receivable in payment of public dues.

Section 3473 is in the following words:

All duties on imports shall be paid in gold and silver coin only, or in demand Treasury notes, issued under the authority of the acts of July 17, 1861, chapter five, and February 12, 1862, chapter twenty; and all taxes and all other debts and demands other than duties on imports, accruing or becoming due to the United States, shall be paid in gold and silver coin, Treasury notes, United States notes, or notes of national banks.

Section 3474 is in the following words :

No gold or silver other than coin of standard fineness of the United States shall be receivable in payment of dues to the United States, except as provided in section 2306, title Public Lands, and in section 3567, title Coinage, Weights, and Measures.

Section 2366, referred to in section 3474, provides as follows :

The gold coins of Great Britain and other foreign coins shall be received in all payments on account of public lands, at the value estimated annually by the Director of the Mint, and proclaimed by the Secretary of the Treasury in accordance with the provisions of section 3564.

Section 3567, referred to in section 3474, fixes the special rates at which the quarters, eighths, and sixteenths of the Spanish and Mexican silver dollars shall be received at the post-offices and land-offices.

In the margin of section 3474, reference is made to the second section of an act making general appropriations for civil purposes, approved August 31, 1852. The words of the section referred to are as follows:

No gold or silver other than coin of standard fineness of the United States, or foreign coin in the manner prescribed by existing laws, shall be receivable in payment of dues to the United States.

It seems clear that all the silver coins now authorized to be struck at the mints are receivable for all dues to the United States. They are of "*standard fineness*," as required by section 3474 of the Revised Statutes, which is a revision, in that respect, of the act of August 31, 1852.

Precisely the same language, which is the only legal warrant for receiving them for "*all taxes and all other debts and demands other than duties on imports*," makes them receivable for "*all duties on imports*," and if their receivability is prohibited or limited in respect to customs-dues it must be prohibited or equally limited in respect to all dues.

It may be true that the receiving of subsidiary silver coins at the custom-houses would carry them to so near a parity with gold as to render it impossible to keep them in use as a fractional money, so long as the actual currency of the country consists of legal-tender paper. That consideration, however, has nothing to do with the construction of existing laws, but addresses itself to those who have the power to make new laws.

It is said that efforts are being made to induce the Treasury Department to hold that, under existing laws, subsidiary silver coins are not receivable at all at the custom-house, and that for other taxes and dues to the United States they are receivable only to the extent of five dollars in any one payment.

It is not easy to conjecture upon what view of the meaning of words in existing laws either of these proposed constructions is possible. It is less difficult to foresee what their effect would be if they should be adopted.

To refuse the subsidiary silver coins at the custom-houses would prevent their attaining a parity of market-value with gold.

To restrict their receivability for taxes and dues which are payable in greenbacks to five dollars in any one payment would tend to depreciate them below the greenback, inasmuch as there is no such provision for their redemption in greenbacks as there was and is in respect to the fractional paper currency. The extent of their depreciation, down to the limit of the bullion-value, would depend upon the amount issued, as that may be regulated, and changed from time to time, by laws, or by executive constructions of law. There would thus be substituted for the fractional paper money underweighted and overvalued silver coins, discredited by the Government issuing them, and exposed to the danger of serious depreciation. The profit resulting from their issue is a con-

stant temptation to enlarging the amount issued, and the checks of receivability for taxes or of redemption will not exist. There is certainly no precedent for such a policy of lowering the value of the money of all the smaller transactions of life to be found in the past history of legislation in this country, or in the practices of the civilized governments of Europe. The poor are entitled to as good money as the rich, although they may have less of it, and no laborer should be compelled to receive his wages in anything which will not, by some conversion in the market without loss, pay off the mortgage on his house, or any other debt which he may owe, and which does not have as great a purchasing power, dollar for dollar, as the money of other classes in the community.

The losses will not be confined to laborers, although they will bear the larger part of it. Retail dealers in merchandise can indemnify themselves against inferior money by higher prices, but there are many receipts, in the nature of fixed charges, where that species of indemnification is not practicable. In such cases, the receiving party must bear the loss. He will submit to it if he must, but if his position is an independent one, he will reject the money altogether; and every such rejection increases its depreciation.

The objection is to investing any form of subsidiary paper or coined money with the legal-tender function for the small sums in which wages are paid and in which retail transactions are made, without in some way keeping it on an equal plane of value and currency acceptability with the money which may be the full tender in actual use. Such a system despoils laboring men by a sure although insidious process. The fractional money which they necessarily receive in payment of their wages will not, under such a system, pay the large debts which they may owe, except at a discount, and while it is nominally received at par in the small purchases which they make, prices are and must be raised upon them, which is practically the same thing as obliging them to part with their money at a discount.

Refusing to receive the subsidiary silver coins at custom-houses is not open to this objection. Such a measure would tend to deprive them of a parity of market-value with gold, but although a full tender, gold is not in actual use as such, there being another full tender which is more available. But the objection does lie against refusing or restricting their use in discharging any taxes or dues to the United States, which may be discharged by the United States notes which constitute the money in actual use.

Whether the legal-tender function ought to be given to debased or under-weighted silver coins, and whether, if given at all, it should be limited to any particular sum, and, if so, to what sum, are questions which have been very little discussed in this country. A debased silver three-cent piece was authorized March 3, 1851, but the striking of debased, or under-weighted, silver coins, on any scale to attract attention, was first authorized by the act of February 21, 1853, which was framed by the Finance Committee of the United States Senate. The accompanying report of the chairman of that committee, Mr. Hunter, of Virginia, which is elaborate and signally able, was mainly confined to an exposition of the mischiefs of a single standard of either gold or silver.

The practical difficulty existing at the time was the premium on silver as measured in gold. The obvious expedients to keep silver coins from the melting-pot and from exportation, and to retain them in the home circulation, were, either to debase them or strike them below weight, the latter expedient being the one actually adopted. The provision making them a tender for small sums, and for small sums only, seems

to have been adopted from the English precedent with very little consideration, and especially without attention to the circumstance that gold was the exclusive standard in England, and that silver was on no better footing there than copper, whereas here it had the same rank as gold.

It is plain enough that the argument of necessity for giving the legal-tender function to underweighted silver coins, can go no further than to justify giving them that function for sums below the denomination of the smallest full-weighted coin. That was the principle which regulated the old English royal proclamations making copper coins a tender, but only for sums below the smallest English silver coin, which was a six-pence. And it is the principle which governed the Vienna coin convention of 1857.

Since 1862, this country has had a long experience with a fractional paper currency, which answered perfectly well all the purposes of such a currency without being made a legal tender for any sum. It did so by being kept always equal in market value with the full-tender United States notes by redeemability in such notes. It is probable that an equal receivability for taxes would have accomplished the same result without redemption.

It being the practice of governments to control the issue of subsidiary coins, deficient in weight or standard, receivability for taxes seems to be a sufficient check against overissues. If the channels of circulation of that class of coins are overcharged with them, the excess will return to the public chest in the revenue receipts. There will be an ebb and flow with the fluctuations of trade and business activity, but the limits of the ebb and flow will not be inconveniently great.

But while the fractional paper currency was entirely acceptable by reason of its redemption in full-tender United States notes, without being itself a tender for any sum, it is not apparent that any evils would have resulted if it had been made a tender for limited sums, or even for all sums.

THE TRADE-DOLLAR.

In December, 1876, Dr. Linderman, Director of the United States Mint, invited, from the presidents of certain banks in San Francisco, facts and opinions in respect to the utility to commerce with China of the trade-dollars, which are called "Trades" on the Pacific coast.

Louis McClane, president of the Nevada Bank of San Francisco, replied, December 28, 1876, as follows:

They have the advantage of being legal tender in Foo-Chow, Saigon, Singapore, and Hong-Kong, and also are received in payment of customs duties at the three first-named ports, and at Canton. Have heretofore been weighed at Hong Kong. Will be taken by count after the 1st proximo for sixty days as an experiment, probably as an entering wedge to its permanent adoption as a legal tender by count.

D. O. Mills, president of the Bank of California, replied, December 11, 1876:

We understand the trade-dollar to be a legal tender at Canton, but at the other ports it passes as an ingot of silver, according to its weight and fineness.

Our experience shows that the Chinese merchants give preference to the trade-dollars over drafts on China payable in local currency.

F. F. Low, president of the Anglo-California Bank, replied, December 12, 1876, that in China silver bullion, usually called *sycee*, is cast into ingots by the bankers and melters, each port having its peculiar stand-

ard or *touch*; that such ingots are current according to the weight of pure silver in them; that this weight is expressed in *taels* (the *tael* being about one ounce), and that the exact weight of the *tael* varies in the different ports. Mr. Low says further:

Spanish dollars found their way into China when foreign trade commenced, and by usage became known to the people in all the maritime provinces. Their uniform weight and fineness soon fixed their value, as compared with the *tael*, and (they) were for many years almost exclusively used in settlement of purchases of tea and silk made for foreign merchants.

Subsequently Mexican dollars were introduced, and in course of time practically supplanted the Spanish dollar. Recently the trade-dollar of American coinage has been introduced. This coin was received with hesitation at first, but upon repeated tests of its weight and fineness being made, its intrinsic value became fixed, and at the present time it is received with great favor at the ports of Canton, Swatow, Amoy, and Foo-Chow. Indeed, so reliable has this coin proven, that the viceroys of the provinces of Kwang-tung and Fokien (in which the four ports above mentioned are situated) have ordered that they be received in payment of customs duties, at their standard value, as compared with the *tael*. At Hong-Kong they have been current at a premium over the local bank-paper currency, nearly or quite equal to that ruling for Mexican dollars.

The ignorance of the people regarding everything of a foreign origin makes them suspicious; hence, they always incline to adhere to the *old* and reject everything *new*; and in the matter of introducing new coins into China, the difficulty is enhanced in no small degree by the hostility of the native and foreign banks and bankers whose profits are lessened by the introduction and use of a coin of uniform weight and fineness.

The basis upon which these trade-dollars are received at certain Chinese custom-houses will appear from the following proclamation, issued in October, 1873, by the governor-general of the two Kwang provinces, the governor of Kwang-tung, and the superintendent of customs for the Canton province:

Whereas the foreign silver (coin) in daily use among the people of the Kwang-tung provinces has long been in circulation, and is moreover admitted to be advantageous and convenient. In the 5th and 11th years of Tung-Chih (1866 and 1872) the Hong-Kong mint coined a new dollar, which, upon comparison with pure silver, bore a proportion of fully 90 per cent., and as the records will prove. Proclamations were issued notifying the people that it might come into general circulation. There has lately come to Hong-Kong a newly-coined American eagle-dollar called the "trade-dollar," and Sir Brooke Robertson, the British consul, having requested that officers might be appointed to assay it, the viceroy thereupon appointed officers to melt it down and assay it, in concert with an officer from the British consulate, when, taking the Haikwan *tael* of pure silver as the standard, an out-turn was obtained of fully 89.91; or, *taels* 111.6 of this new eagle-dollar are equal to 100 Haikwan *taels* of pure silver. Minutes of the assay were drawn up in proof thereof.

For the convenience of traders and people, therefore, this coin should be allowed to be tendered in payment of duties at the rate or *touch* obtained at the assay, and to come into general circulation. It becomes the duty, then, of the viceroy and his colleagues to issue a proclamation on the subject for general information.

This proclamation, therefore, is for the information of you merchants, traders, soldiers, and people of every district. You must know that the eagle "trade-dollar," that has lately come to Hong-Kong, has been jointly assayed by officers specially appointed for the purpose, and it can be taken in payment of duties and come into general circulation. You must not look upon it with suspicion.

It is very clear that the trade-dollar has no recommendation for use in China over any silver coin which might have been struck at our mint, and that in particular it has none over the old American silver dollar. The Chinese accept silver coins only for the actual amount of pure silver which they contain. The trade-dollar contains 420 grains, nine-tenths fine. It would have been equally acceptable, on a proportionate valuation, at a weight of 350 grains, or of 412½ grains, which was that of the old American silver dollar. The trade-dollar was authorized by the same act (1873) which prohibited the coinage of the old dollar, and will become useless, and worse than useless, if the old

dollar is revived. Two dollars of the same standard, but different weights, can only lead to confusion and discredit.

The trade-dollar appears to have been useful in the absence of a dollar, which is a tender and lawful money in this country, but it is attended with the inherent difficulty that it will not exist in sufficient stock to meet the wants of commerce, unless the Government keeps it in stock, and this involves a heavy expense in the loss of interest.

The trade-dollar not being a tender and money here, cannot be kept on hand by individuals or banks in San Francisco at a less expense than three-fourths of one per cent. per month, reckoning the annual interest of money in that city at 9 per cent. At that rate of cost for keeping it in stock, either no quantity will be kept sufficient for the demands of Asiatic commerce, or if it is kept, the cost of keeping it will so enhance the price of the coin as to make it unavailable.

Louis McClane, in the letter before quoted from, points out the difficulty and suggests a remedy:

If the mint had a sufficient number of Trades on hand to meet the demand for any one steamer for China, say \$500,000, so that orders from London could be filled promptly and with certainty, the greater portion of our silver product available for export would be sent to China in the form of trade-dollars.

It would seem from this that there is now no certainty of an ability in San Francisco to fill at once an order for even a sum comparatively so small as half a million of dollars. If dollars are useful at all in our Asiatic trade, there should be a capacity there to fill any day an order for ten times that amount. Such a capacity would exist if dollars were money, and therefore formed a part of the resources of banks and bankers. Undoubtedly also the Government could create such a capacity by a general rule of keeping on hand at the San Francisco mint five millions of trade-dollars. By borrowing the money for that purpose in cheaper markets for money, it could probably do this at a cost of one-half of 9 per cent. per annum. The advantage to commerce may justify the expenditure, but it will be rendered unnecessary by the restoration of the old legal-tender dollar.

The restoration of the American silver dollar to its old rights of coinage and tender would render it practicable to restore the Mexican dollar also to its old position as money in this country, a measure of immense importance to the commercial and financial interests of San Francisco. Being again money, it would always be in ample stock there, and its tendency, already manifested, to flow to that city rather than to London, would be increased and would become irresistible. The direct advantages of that, and its indirect advantages in stimulating the return-trade to Mexico, are obvious.

London is not a consuming market for silver, but an *entrepôt* for it, and the London price is always the Asiatic price, less the costs of all kinds of sending it to Asia. As the price of silver in San Francisco must always be at least as high as the Asiatic price, less the cost of sending it to Asia, and as this cost must be less than the cost of sending it from London, it results that what may be called the natural price of silver, aside from its capacity as a tender, should be somewhat higher in San Francisco than it is in London. But at even equal prices, San Francisco should attract the bulk of the Mexican silver, inasmuch as the Mexican silver mines are nearest to the west coast, and as the Mexican silver shipments are most naturally made and are now in fact largely made from the west coast. These circumstances, tending to make San Francisco, rather than London, the receiving point of Mexican dollars, and the point from which to export those dollars to Asia, are already

beginning to be felt, notwithstanding the advantages of London in capital and in long-established financial and commercial connections. The influence of these circumstances would receive a decisive addition if Mexican dollars were money in San Francisco. In the present position of things there is no demand for them except on or near the sailing-days of the Asiatic steamers, and not always then a sufficient demand to take off all the stock there may be on offer, and the surplus must in that case lie over till the next steamer-day. But for money there is a demand every day, and every hour of every day, and if Mexican dollars were money, the delay in realizing the value of an invoice of them received at San Francisco could never exceed the time consumed in carting them from the ship's side to a bank-vault. That is a matter important everywhere, and especially important in San Francisco, where rates of interest are high, and will remain high for a long period.

The temple fountain is a very interesting and beautiful structure. It is situated in the center of the temple grounds and is surrounded by a low wall. The fountain is made of stone and has a very ornate design. It has a central column with a basin on top. There are four smaller columns on each side of the central column. The water flows from the basins into a large pool at the bottom. The pool is surrounded by a low wall and has a very beautiful view of the temple grounds. The fountain is a very important part of the temple and is a very beautiful sight to see.

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PROCEEDINGS
OF THE
INTERNATIONAL MONETARY CONFERENCE

HELD

IN COMPLIANCE WITH THE INVITATION EXTENDED TO
EUROPEAN GOVERNMENTS BY THE GOVERNMENTS
OF FRANCE AND OF THE UNITED STATES

IN

PARIS,

IN

APRIL, MAY, JUNE, AND JULY, 1881,

UNDER THE AUSPICES OF THE

MINISTRY OF FOREIGN AFFAIRS

OF THE

FRENCH REPUBLIC.



WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1887.

[PUBLIC RESOLUTION—No. 27.]

Joint resolution providing for the printing and distribution of documents of the monetary conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one, and the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there be printed and bound in cloth five thousand copies each of the Reports of the International Monetary Conferences of eighteen hundred and seventy-eight and eighteen hundred and eighty-one; also the report of the monetary commission created under the joint resolution of August fifteenth, eighteen hundred and seventy-six, being Senate report Number seven hundred and three, Second Session Forty-fourth Congress, with such indices to the three reports as may be supplied by the Secretary of State; three thousand copies of each for the use of the House of Representatives, and fifteen hundred copies of each for the use of the Senate; and that the Public Printer hold the remaining five hundred copies of each for sale, at ten per centum advance on cost-price, to any person applying for the same.

Approved, August 4, 1886.

THE INTERNATIONAL MONETARY CONFERENCE OF 1881.

JOURNAL
AND
EXHIBITS.

The following volume presents a translation of the official French record of the proceedings of the Conference. Of this record, which was prepared by Mr. Lavollée and Mr. Bruwaert, the Secretaries of the Conference, with the assistance of their stenographers, a large edition, in two volumes folio, was printed by the French Government at the National Printing Office in Paris, for general distribution. The first volume, containing the Sessions of April and May, was issued early in June. The second volume, containing the Sessions of June and July, was completed late in August, 1881.

The various errata and misplacement of Exhibits set forth in the latter volume are here corrected.

The names of the President and Secretaries of the Conference, which, in the original are affixed, for certification, at the close of the Journal of each Session, are not here reproduced.

OCTOBER, 1881.

The present edition is a reprint from the plates of the edition of 1881, which was ordered printed by the Secretary of State, at the request of the Commission.

JANUARY, 1887.

The following table shows the results of the survey conducted in the year 1900. The table is divided into two main sections, the first of which gives the results of the survey of the population of the United States, and the second of which gives the results of the survey of the population of the United States by race and color. The first section is divided into three sub-sections, the first of which gives the results of the survey of the population of the United States by sex and age, the second of which gives the results of the survey of the population of the United States by sex and age, and the third of which gives the results of the survey of the population of the United States by sex and age. The second section is divided into two sub-sections, the first of which gives the results of the survey of the population of the United States by race and color, and the second of which gives the results of the survey of the population of the United States by race and color. The first section is divided into three sub-sections, the first of which gives the results of the survey of the population of the United States by sex and age, the second of which gives the results of the survey of the population of the United States by sex and age, and the third of which gives the results of the survey of the population of the United States by sex and age. The second section is divided into two sub-sections, the first of which gives the results of the survey of the population of the United States by race and color, and the second of which gives the results of the survey of the population of the United States by race and color.

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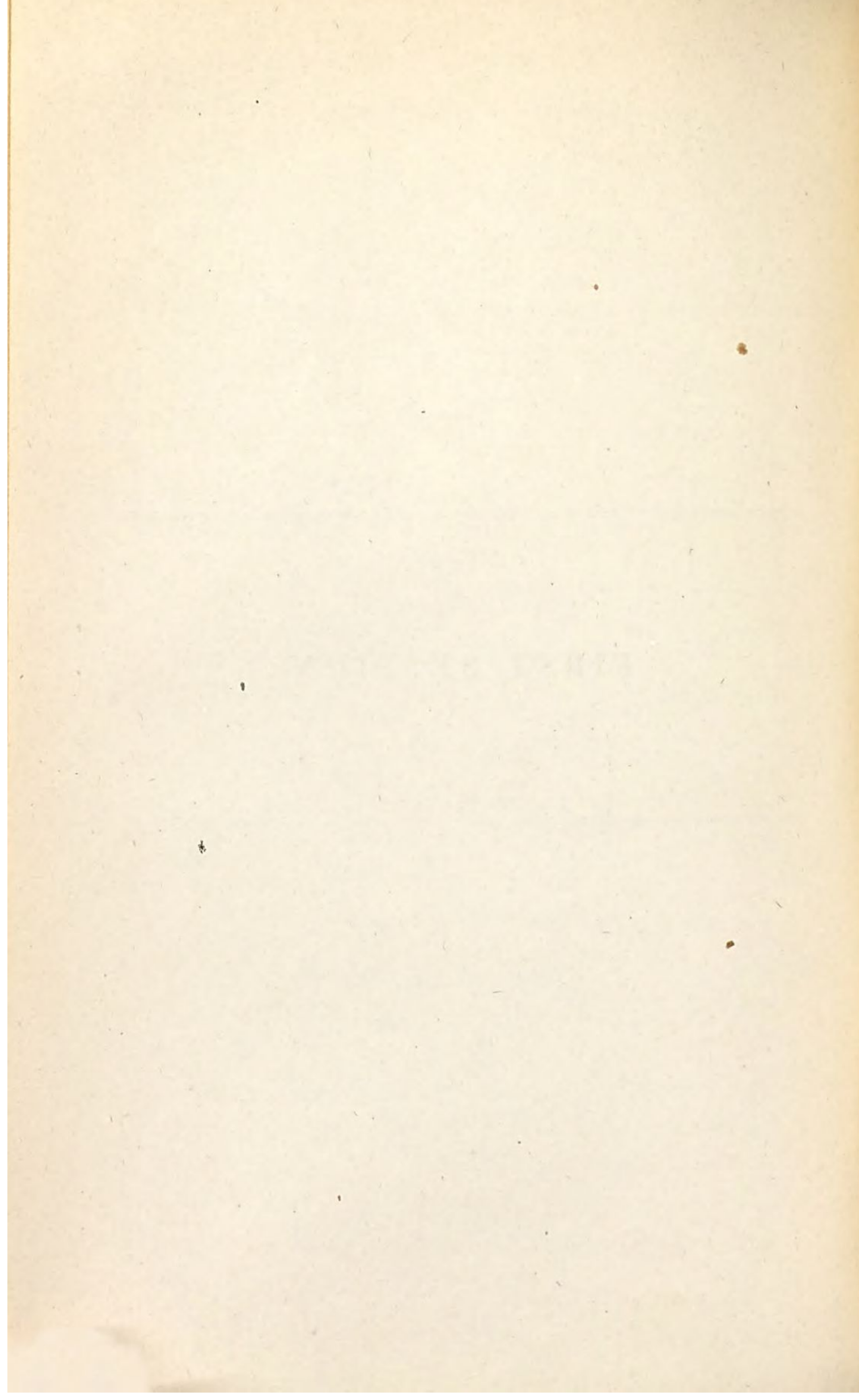
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FIRST SESSION.



JOURNAL.

FIRST SESSION.

TUESDAY, *April* 19, 1881.

Delegates of—

Austria-Hungary,

Belgium,

Denmark,

Germany,

Greece,

The Netherlands,

Portugal,

Sweden,

Norway,

Spain,

Switzerland,

The United States of America, and of

France,

assembled in Conference at Paris, on the 19th of April, 1881, at 2 o'clock, P. M., at the Ministry of Foreign Affairs.

There were present :

For Austria-Hungary—

COUNT VON KUEFSTEIN, Councilor to the Imperial and Royal Embassy at Paris, Member of the Chamber of Peers.

CHEVALIER ANTHONY VON NIEBAUER, Councilor to the Imperial and Royal Ministry, of Finance.

MR. ALEXANDER VON HEGEDÜS, Deputy in the Hungarian Diet.

For Belgium—

MR. PIRMEZ, Member of the House of Representatives, formerly Minister of the Interior.

MR. GARNIER-HELDEWIER, Councilor to the Belgian Legation at Paris.

For Denmark—

MR. MORITZ LÉVY, Councilor of State.

For Germany—

BARON VON THIELMANN, Councilor to the Imperial Embassy at Paris.

MR. SCHRAUT, Government Privy Councilor, and Councilor Reporter in the Office of the Treasury of the Empire.

For Greece—

MR. BRAÏLAS-ARMÉNI, Envoy Extraordinary and Minister Plenipotentiary of Greece at Paris.

For the Netherlands—

MR. VROLIK, former Minister of Finance.

MR. PIERSON, Professor of Political Economy at the University of Amsterdam, Member of the Board of Management of the Bank of the Netherlands.

For Portugal—

COUNT DO SAN-MIGUEL, First Secretary of the Portuguese Legation at Paris.

For Sweden—

DR. HANS LUDWIG FORSSELL, former Minister of Finance, President of the Chamber of Finance.

For Norway—

DR. OLE JACOB BROCH, former Minister of Marine and of Post Offices, Professor at the University of Christiania.

For Spain—

MR. MORET Y PRENDERGAST, Deputy to the Cortes, late Minister of Finance, late Minister of the Colonies.

For Switzerland—

DR. KERN, Envoy Extraordinary and Minister Plenipotentiary of Switzerland at Paris.

MR. LARDY, Councilor to the Swiss Legation at Paris.

For the United States of America—

MR. EVARTS, late Secretary of State of the United States.

MR. THURMAN, late Senator.

MR. HOWE, late Senator.

MR. DANA HORTON, former Delegate to the International Monetary Conference of 1878.

For France—

MR. BARTHÉLEMY SAINT HILAIRE, Member of the Institute, Senator, Minister for Foreign Affairs.

MR. J. MAGNIN, Senator, Minister of Finance.

MR. J. B. DUMAS, Member of the French Academy, Perpetual Secretary of the Academy of Sciences, President of the Board of Control of the Monetary Circulation.

MR. DENORMANDIE, Senator, Governor of the Bank of France.

MR. CERNUSCHI.

The Minister of Foreign Affairs, having called the Conference to order, delivered the following address :

Gentlemen—In receiving you here, our first duty, as also our first desire, is to say to you, “Be welcome among us.” We greet you with these words of happy augury in the name of France, in the name of the Government of the Republic, which sees with satisfaction our capital chosen as the seat of your learned and useful labors.

The reception we give you is sincerely cordial, because we feel grateful and proud of these reiterated proofs of confidence tendered us by the nations, in sending to us their best qualified representatives to study in common, and, if possible, to solve some of the questions which most directly affect the well-being and the peaceful relations of the different peoples.

It is a glory for our country ; but a truer benefaction for humanity.

As you know, within a period of only a few months, three of these august assemblies will have been held within these walls ; the one which, with you, I have the honor to inaugurate to-day, and the two which have preceded us, and which have attained as a result the realization of a most important advance in the international postal service, and the securing to property in the products of the arts and manufactures such reciprocal protection as was lacking until then in several States.

We may well predict, even at this time, the like success of another Conference, that on Electricity, which is soon to assemble, and of which, toward the close of the present year, our city will be the place of meeting, and, at the same time, the wondering spectator.

But, whatever previous Conferences may have been, that which you are about to open will remain none the less one of the most necessary, and of the most important, which can ever be held.

Monetary Science, taken in its widest sense, is almost as ancient as society itself. From the most remote antiquity, philosophers have given it their attention; and their theories concerning the functions of money, even the earliest in point of time, were accurate and true to a degree which has not since been surpassed, and precisely because of the importance of the subject. But it is in modern times, and more particularly in our own day, that phenomena relating to money have shown a development and manifested an energy which have strongly impressed all economists and statesmen.

The almost incalculable production of the precious metals, their various uses throughout the world, the prodigious wealth of certain nations leading, as it were, the others; the ever-growing multiplicity of exchanges, the well-considered calculations of manufacturers and merchants, the organization of financial institutions of all kinds, the unforeseen fluctuations in the world's markets, the daring of speculation, the constantly increasing necessities of even the most stable governments; such are some of the causes which act powerfully upon the circulation of money, producing unlooked-for dilemmas, which the most disinterested and inquiring observers find the greatest trouble in explaining.

So long as these oscillations, resembling the tides in the ocean of economics, do not pass certain bounds, the business community is but little affected; but when they do go beyond the accustomed limit, both the public purse and private fortunes are made to suffer seriously. At such times, in order to find a remedy for the evil, all the knowledge which may have been accumulated by serious and sagacious minds devoted to science and to good—men like those whom at this moment we greet with our sincere homage, and with our thanks—is scarcely equal to the task. Such is the great object which brings you together, and which will stamp your debates with an exceptional character.

You will endeavor, by your counsels, to restore a normal condition in the place of an equilibrium destroyed; and you will seek

the means to prevent the return of these baleful crises. What studies will command your attention! What details to be made clear! How many facts to be ascertained! What long and serious investigations to be prosecuted methodically on so many obscure and delicate points! But Heaven forbid that I should touch, even from afar, upon a problem so complex and so vast, about which the best minds maintain with passionate earnestness opinions the most contradictory, and in which habit and custom, when nationalities and periods of time are considered, are found to differ no less than opinions.

Therefore, gentlemen, I will confine myself to wishing for your efforts the success which they deserve; such success they will surely attain, but perhaps not at the first effort.

If you are unable at a single attempt to accomplish the whole of your task, you will, at least, have given rise to preliminary controversies which are indispensable to the discovery of truth, and to a final solution. You will have established certain principles which the future will know how to make fruitful. For the work on which you are about to enter, the civilized world will always hold you in grateful remembrance; since we can not doubt that from your discussions, free as they are profound, there will come forth waves of luminous and practical ideas. You will diminish the ill even if you do not suppress it entirely; and, although the radical cure should not come until a little later, it will still be due to you, for you will have prepared the way and rendered the cure possible.

At the time of the Universal Exhibition of 1878 the idea of an assembly similar to this had already taken form; but it could not arrive at a result for the reason that it seemed, at that date, and in some respects, a little premature. To-day, after three further years, during which so many significant and even alarming symptoms have manifested themselves, the time seems entirely ripe, and we may not be considered too bold if we hope for the triumph of this idea, after those other two triumphs which I recalled to you a few moments ago, and which were almost as difficult to obtain.

Again, let me repeat, gentlemen, you are welcome among us.

Accept these, our best wishes, with those of the whole world, whose eyes are upon you, that the noble end you are pursuing may be reached as speedily and as fully as you yourselves desire, and as all the nations, joining with us, desire also.

At the close of these remarks, the Minister of Foreign Affairs moved that the Conference organize itself by the election of a President.

On the motion of MR. EVARTS, the office of President was unanimously conferred upon Mr. Magnin, Minister of Finance.

MR. MAGNIN took the chair.

He thanked his colleagues for the honor shown him in calling him to preside over the deliberations of an assemblage in which were found united so many men eminent for their science, and for their experience.

He relied upon their good-will and their intelligence to aid him in the fulfillment of his duties.

Whatever might be the result of the discussions in the Conference, he was happy to labor with them in the study of the economic problems which they would have to consider, and the solution of which was of so great importance.

It was then determined, upon the motion of the Delegate of Greece, that the Conference should await the arrival of those of its members who had not been able to be present at the First Session, before proceeding to complete its organization by the selection of one or more Vice-Presidents.

In accordance with the proposition of its President, the Conference designated as Secretary, Mr. René Lavollée, Docteur ès lettres, Consul General; and as Assistant Secretary, Mr. Bruwaert, of the Ministry for Foreign Affairs.

The Conference being thus provisionally organized, the President, MR. MAGNIN, spoke as follows:

Gentlemen—Two great International Monetary Conferences have already been held at Paris, the first in 1867, the second in 1878.

The Conference of 1867 had for its object to inaugurate uniformity of coinage, which, as was said in the opening address, was to consist in the substitution of metallic coins, struck in accordance with uniform regulations, in the place of the variety of monetary types actually in use.

Of what metal should these coins be made? Of silver only, or of gold only? Or of gold and silver used simultaneously?

That Conference decided in favor of gold monometallism. I

quote the words in which the Vice-President, Mr. de Parieu, expressed himself upon this subject in the final report, which he presented to his colleagues on the 16th of July, 1867:

"The question," said he, "which seemed to lie at the very root of the inquiry, was that of the monetary standard.

"As you are aware, the legislation of the world is divided on this point between three different systems: that of the gold standard, that of the silver standard, and that of the double standard.

"It was indispensable to know in which of these three forms was to be found, so to speak, the latest development of the monetary system, the nucleus in which the decisive formula might be discovered, the basis for the desired unity."

And Mr. de Parieu said, further on:

"With a unanimity the more remarkable, since no preliminary consonance of opinion had been either looked for or foreseen, your Conference, while comprising among the twenty States, of which you are the delegates, only two in which gold is the standard money, has reached the conclusion that a basis for the monetary unification of the future should be sought in the gold standard, with silver, if need be, as a temporary companion.

"The Conference has thus declared itself, upon principle, in favor of the unity of the gold standard, while considering that there might be good reasons for a temporary continuance of the double standard in the legislation of certain States accustomed to this system, or living hitherto under the law of the single standard of silver.

"This remarkable unanimity upon a fundamental question can not fail to influence public opinion and the views of specialists who, within the confines of the different States, may still entertain doubts upon this question of the future."

The programme of 1867 was adopted in all its parts by the German legislators in 1871: stoppage of the mintage of silver, and demonetization of the old silver coins to make way for a gold monometallism. The Scandinavian States followed the same course. The Latin Union and Holland, as a precautionary measure, closed their mints against silver. At the present moment, on both sides of the Atlantic, gold alone has the right of unlimited coinage.

To prohibit, in great countries, the mintage of a metal which had been hitherto freely coined, and to expect that this metal would maintain its former value, would be a contradiction.

To foresee the fall of silver was easy, and it was inevitable.

England, whose interests were touched to the quick by this fall, was aroused.

In the month of March 1876, Parliament ordered an inquiry; but this investigation was not able to set any remedial measure on foot, as it had not been authorized to suggest remedies for the fall, but only to examine into the causes of it, and to describe its effects upon Anglo-Indian exchanges.

The United States of America took other action. In August, 1876, Congress appointed a Monetary Commission, composed of Senators and Representatives, with instructions not only to inquire into the causes to which should be attributed the change in the relative value of gold and silver, but also to examine whether the adoption of a bimetallic system would not be advisable.

In the month of March, 1877, this Commission brought in its report.

The conclusions arrived at were, that the fall of silver, in relation to gold, had not been brought about by natural events, but solely by legislative action, and that, in order to bring back a satisfactory condition of things, it would be necessary to confer the same monetary right upon both metals by establishing, under international agreement, a uniform proportion of weight between coins of gold and coins of silver.

To give effect to these principles, the United States summoned the International Conference, which was held in this place in August, 1878, and their delegates requested the Assembly thus called to pronounce upon the two following propositions:

I.

"It is the opinion of this Assembly that it is not to be desired that silver should be excluded from free coinage in Europe and the United States of America. On the contrary, the Assembly believe that it is desirable that the unrestricted coinage of silver, and its use as money of unlimited legal tender, should be retained where they exist, and, as far as practicable, restored where they have ceased to exist."

II.

"The use of both gold and silver as unlimited legal tender money may be safely adopted; first, by equalizing them at a relation to be fixed by international agreement; and, secondly, by granting to each metal, at the relation fixed, equal terms of coinage, making no discrimination between them."

These propositions were discussed, but did not become the subject of a general vote.

The English and French Delegates had prepared a draft of an answer which might be made by the European to the American Delegates.

This answer was couched in the following terms:

"The Delegates of the European States, represented in the Conference, desire to express their sincere thanks to the Government of the United States for having procured an international interchange of opinion upon a subject of so much importance as the monetary question.

"Having maturely considered the proposals of the representatives of the United States, they recognize:

"1. That it is necessary to maintain in the world the monetary functions of silver, as well as those of gold, but that the selection for use of one or the other of the two metals, or of both simultaneously, should be governed by the special position of each State, or group of States.

"2. That the question of the restriction of the coinage of silver should equally be left to the discretion of each State, or group of States, according to the particular circumstances in which they may find themselves placed, and the more so in that the disturbance produced during the recent years in the silver market has variously affected the monetary situation of the several countries.

"3. That the differences of opinion which have appeared, and the fact that even some of the States which have the double standard, find it impossible to enter into a mutual engagement with regard to the free coinage of silver, exclude the discussion of the adoption of a common ratio between the two metals."

When this answer was adopted, the Dutch Delegates were not present; the Italian Delegates refused to be parties to it: and the approval thereof by the other Delegates was given only under reservations. Coming, as it did, at the close of debates in which monometallism had found defenders at once convinced and eloquent, the answer drawn up by the English and French Delegates was really a condemnation of the gold monometallist propaganda.

But this condemnation was not sufficient, and has not sufficed to alter the face of things. In order that the metal silver may recover its former value, it is indispensable that it should be, as in the past, freely coined side by side with gold, and as no State either wishes to stand, or could stand, alone in resuming such coinage, it is absolutely certain that we shall not find our way out of the present difficulties until an international bimetallic treaty shall have been concluded.

To attain this result, it was necessary that all the parties in interest, that is to say, all the Governments should be brought face to face.

In this you have the reason for our Conference. The American and the French Governments agreed to address simultaneous invitations to the other Powers.

Fifteen Governments have, or will have, their Delegates present here.

Some have made reservations; they were matters of right. We had only to receive and place them upon the record.

We hope that light may shine forth from the discussions which are to be held in this Assembly; we hope that it will be proved, as well by the data of theory as by those of experience, that international bimetallism is the only system which will be able to restore monetary regularity throughout the world.

It is not our business here, gentlemen, to debate the terms of a treaty by which one may gain and others lose; there is no question of making or of asking sacrifices; there is no question of one party getting the advantage of another; what we have to do is to seek, in good faith, and understandingly, such conclusions as may be equally favorable to all parties.

Need I add, that we have in no wise the pretension to force our opinions upon others; that all plans and systems may be set forth, and will be freely discussed in this Assembly, where are found gathered so many illustrious men, whose competence to handle monetary questions is universally recognized.

THE PRESIDENT then inquired of the Conference whether it desired to avail itself of the services of the stenographers, which the French Government placed at its disposal, and who would act under the direction of the Secretaries.

The Conference accepted this proposition, but with the understanding that the stenographic reports should be absolutely confidential—should be submitted to the speakers reported, and should not be published but by consent of the Delegates, and that the Journal, as adopted by the Conference, should constitute the only official record of its deliberations.

At the request of the DELEGATES OF THE UNITED STATES, and under the same conditions, it was likewise agreed that the stenographer attached to their Commission should attend the Sessions of the Conference.

THE PRESIDENT made known that the French Government had just been advised of the designation of the Delegates of the Italian Government, and that they would shortly arrive in Paris.

MR. KERN, first Delegate of Switzerland, transmitted to the Conference the expression of the regrets of Mr. Burckhardt-Bischoff, one of the Swiss Delegates, who had been called back to Basle by a bereavement in his family.

THE PRESIDENT begged the honorable the first Delegate of Switzerland to convey to Mr. Burckhardt-Bischoff the expression of the sympathy of the Conference. He then asked the Conference whether, before entering upon its deliberations, it would not see fit to prepare a "*questionnaire*," or list of questions, as a programme, which would serve as a basis and starting point for its further labors.

MR. VROLIK, first Delegate of the Netherlands, approved of this suggestion.

MR. KERN, first Delegate of Switzerland, while recognizing the advantages of this mode of procedure, asked the Conference whether, in order to facilitate the elaboration of this programme, it would not be advantageous to call upon the Delegates of each State first to set forth concisely the views of their respective Governments upon the questions, a solution of which was to be sought.

BARON VON THIELMANN, first Delegate of Germany, signified his accord upon this point with Mr. Kern.

MR. CERNUSCHI, Delegate of France, called attention to the fact, that the views of the different Governments, in regard to the monetary question, were already, in general, sufficiently known; there would, therefore, seem to be little use in causing the preparation of a "*questionnaire*," to be preceded by a series of declarations of principles successively formulated by the Delegates of each State represented at the Conference.

MR. PIRMEZ, first Delegate of Belgium, agreed with this observation. It seemed to him logical to commence by the discussion, and to await the result of the debate before formulating conclusions.

To proceed otherwise would be to invert the natural order of the deliberations.

MR. VROLIK shared this opinion. He thought it proper first to discuss, from a scientific point of view, the questions submitted to

the Conference. In following a different course, there would be the danger of finding, as in 1878, that wide divergences existed from the start, the immediate discovery of which might compromise the ultimate success of the labors of the Conference.

In the face of these objections, MR. KERN declined to press his motion.

MR. DENORMANDIE, Delegate of France, continuing the debate, stated that the Conference was unanimous as to the necessity of preparing, either in the form of a "*questionnaire*" or otherwise, a programme for its deliberations; and that, further, a great majority seemed to be in favor of proceeding at once to the drawing up of such a programme, without any preliminary declaration of principles.

He proposed, therefore, that the Conference should appoint a committee from among its members, which should be charged with the preparation of a draft of questions (*questionnaire*).

COUNT VON KUEFSTEIN, first Delegate of Austria-Hungary, supported this proposition.

THE PRESIDENT inquired whether the Conference was disposed to select the members who should constitute the committee to frame the *questionnaire*.

MR. VROLIK replied, that the choice of the members of the committee might well be left to the honorable Delegates of France, as was done at the Monetary Conference of 1867.

THE PRESIDENT expressed the opinion that the honorable Delegates of the United States should be associated with those of France in this appointment.

This double motion having been carried unanimously, a recess of fifteen minutes was taken to enable the United States and French Delegates to hold a consultation.

When the Assembly was again called to order, MR. DENORMANDIE presented, in the following terms, the propositions agreed to by the Delegates of the United States and of France:

First. The committee to be charged with the preparation of a *questionnaire*, should be composed of as many members as there were States represented in the Conference.

Second. The delegation from each country should select one of its number as its representative upon the committee.

Third. In order to make it possible for the Delegates of Great Britain and of Italy to take part in these preparatory labors, the first meeting of the committee should be set down for Saturday, the 23d of April, at two o'clock.

Fourth. The conclusions of the committee in no case to be regarded as prejudging the solution of the questions under discussion, nor as pledging the Conference to any thing, that body retaining entire control over the order of its deliberations.

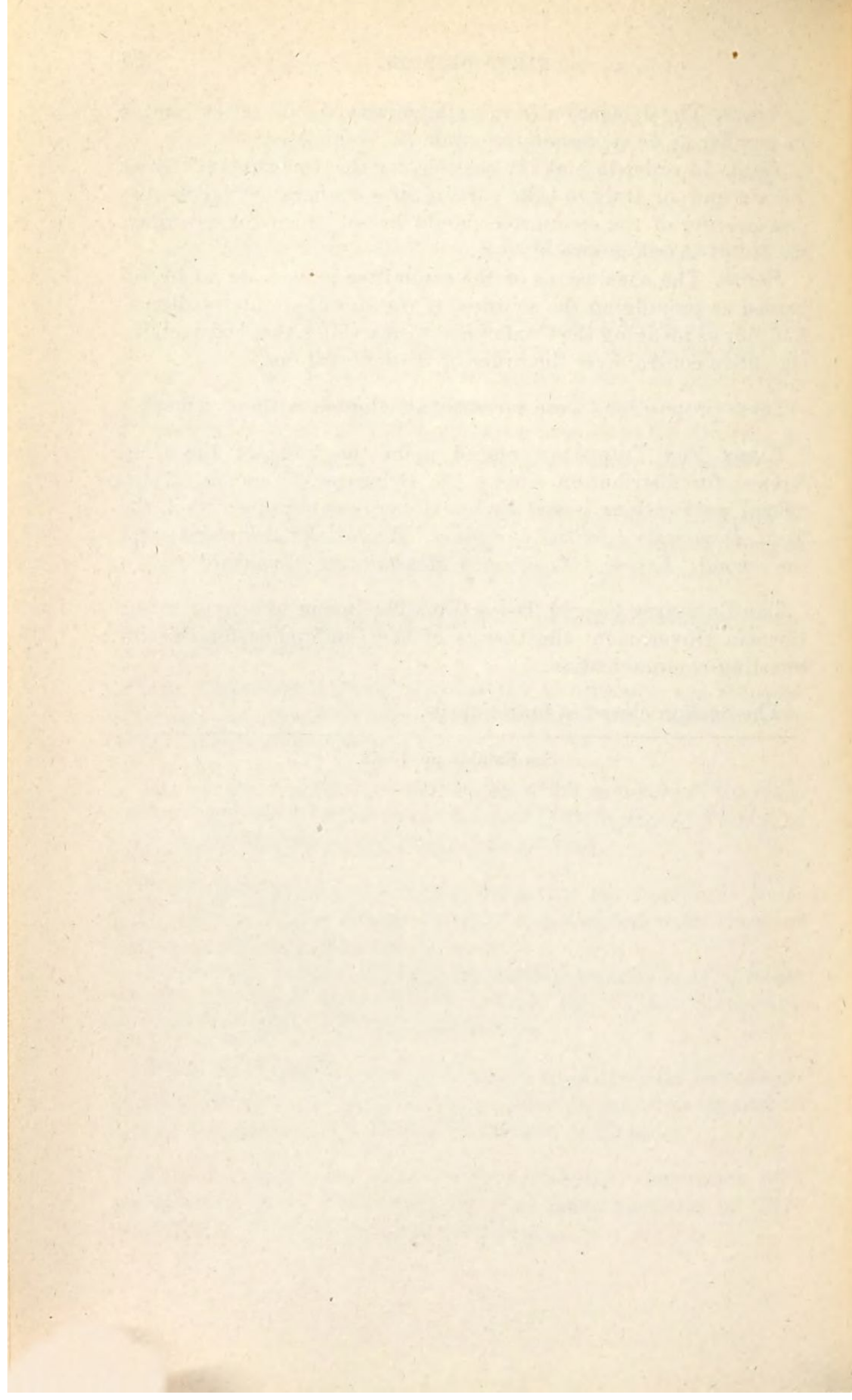
These propositions were successively adopted without remark.

BARON VON THIELMANN placed upon the table of the Conference, for distribution among the Delegates, 30 copies of two official publications issued by his Government, and entitled, the first: *Documents relatifs à la réforme Monétaire en Allemagne*; and the second: *Exposé de la situation Monétaire en Allemagne*.¹

THE PRESIDENT begged Baron Von Thielmann to convey to the German Government the thanks of the Conference for this interesting communication.

The Session closed at four o'clock.

¹See Exhibit, pp. 15-18.



EXHIBITS OF THE FIRST SESSION.

EXHIBIT A.

(Presented by BARON VON THIELMANN, page 13).

A STATEMENT OF THE MONETARY SITUATION IN GERMANY.

I.

The introduction into Germany of the single gold standard in the place and stead of the silver standard, which prevailed up to 1871 in most of the German States, was enacted by the laws of 4th December, 1871, and 9th July, 1873. The mark of the gold is the $\frac{1}{22555}$ part of a pound of gold (of 500 grammes) at nine-tenths fine, and is coined in gold pieces of 20, 10, and 5 marks. The right of private coinage exists in so far that every individual is entitled to require the coinage for his own account of gold pieces of 20 marks upon payment of the cost of mintage at the rate of three marks on the pound of fine gold.

The coins of silver, nickel, and copper perform the functions of subsidiary coins.

In the Imperial silver coins (pieces of five and three marks, and of one mark, and of 50 and 20 pfennigs), 100 marks are coined from the pound of fine silver; the proportion of alloy being of 900 parts of silver to 100 parts of copper, 90 marks in coined silver weighing a pound. Under the law as it stands, the sum total of Imperial silver coin must not exceed 10 marks *per capita* of the population of the Empire.

No one can be compelled to accept payment of a sum exceeding 20 marks in Imperial silver coins. On the other hand, these coins are received in payment, without limitation as to amount, by the Treasuries of the Empire and of the German States, and may, at pleasure, be exchanged for gold at certain offices officially designated for that purpose.

As it was not possible at once to withdraw from circulation the former coins of the different States, and to introduce immediately the new Imperial coinage, the laws in question established, as a transitory condition, a system analagous to that of the double standard, and under which the old coins of the States were recognized as legal tender, at the rate of one thaler for three marks of gold, a rate based upon the proportion of 1 to $15\frac{1}{2}$ for the relative value of the two metals.

II.

In carrying this monetary reform into effect, there were manufactured, up to the end of 1880, Imperial gold coins amounting to 1,747,237,095 marks, of which 1,270,509,920 marks in pieces of 20 marks, 448,759,250 marks in pieces of 10 marks, and 27,969,925 marks in pieces of five marks.

Of subsidiary coins, there were coined up to the end of 1880: In silver, upon the basis of the population of the Empire, as shown by the census of 1st December, 1875, to consist of 42,727,000 souls, a round sum of 427 millions of marks; in coins of nickel, 35 millions of marks in round numbers; and in coins of copper, nine millions and a half of marks, reckoned also in round numbers.

Against this, there was withdrawn from circulation, up to the close of 1880, for the account of the Empire, a total sum of 1,080,486,138 marks in old coins of the several States.

Of this amount—

1. There have been delivered to the mints for coinage into the new Imperial coins of silver:

	Marks.
a. For account of the Empire.....	382,501,331
b. Upon payment of value (2,034 pounds of fine silver)....	183,510
	382,684,841
2. Melted into silver bars.....	696,797,069
which produced pounds of fine silver.....	7,474,644

Of this quantity, there have been—

Sold for account of the Empire (pounds of fine silver).....	7,102,862
Used in the manufacture of new silver coins.....	32,429

Leaving, therefore, a balance of 339,353 pounds of fine silver, which still remains in the possession of the Imperial Government, as, the sales of silver were suspended in May, 1879, and have not been resumed since then.

The sale of these 7,104,896 pounds of fine silver (comprising the 2,034 pounds above mentioned, as delivered to the mints upon payment of the value thereof) was made as shown in the following table:

YEARS.	Pounds of Fine Silver.	NET PRODUCT.		
		Total in Marks.	Per Pound of Fine Silver In Marks.	Per English Ounce of Silver, Standard in Pence
1873.....	105,923,372	9,296,682.77	87.77	59 5-16
1874.....	703,685,175	61,135,670.29	86.88	58 3-4
1875.....	214,898,594	18,208,449.08	84.69	57 1-4
1876.....	1,211,759,204	93,936,482.37	77.52	52 3-8
1877.....	2,868,095,533	230,424,238.51	80.34	54 5-16
1878.....	1,622,696,403	126,203,852.08	77.77	52 9-16
(Until the suspension of the sales of silver at the end of May.)				
1879.....	377,744,712	27,934,417.89	73.95	50
Totals.....	7,104,895,993	567,139,992.99	9.82	53 15-16

By a comparison of the product of these sales, 567,139,993 marks, with the original cost of these 7,104,896 pounds of fine silver, which had been taken at

663,621,109 marks, it will be seen that these sales of silver were liquidated at a loss to the Empire of 96,481,136 marks.

	<i>Marks.</i>
To the said loss of.....	96,481,136
are to be added the other costs of the carrying out of the monetary reform (expenses of coinage, loss on the sales of copper, interest on the capital employed in running the workshops of the mints, etc.).....	29,316,438
Total.....	125,797,574

As against this, the profits resulting from this same carrying out of the monetary reform (gross profit arising from the mintage of the Imperial coins of gold, silver, nickel, and copper, bonuses of various sorts, etc.) have amounted to.... 81,728,134

Leaving a balance to be met by the Imperial Treasury of... 44,069,440

III.

Besides the new Imperial coins, there still remains in actual circulation the residue of the silver one-thaler pieces not yet retired. It is only possible to estimate, as nearly as may be, the sum total of thalers in circulation.

There had been coined, in all, 1,280 millions of marks in pieces of one thaler, including 93 millions of marks in Austrian thalers, called thalers of the Union (*Vereinsthaler*), which stand upon the same footing, under the law, in respect to all payments, with the thalers of German coinage, and in regard to the retirement of which no legislative determination has yet been arrived at.

Of this amount of 1,280 millions of marks, a certain part has, during the course of time, been melted down by private individuals, or exported, or has disappeared through causes and accidents of all kinds. It is necessary to estimate this decrease, in order to determine the sum still remaining in circulation.

If reference is had to the results of the retirement of other silver coins of large size, such decrease should be reckoned at 20 per cent; the amount above mentioned would be reduced to 1,024 millions of marks in thalers, of which 614 millions have been, up to the present time, retired and demonetized; and the circulation of thalers would now be about 410 millions of marks.

According to another estimate, which supposes a decrease of only 17 per cent., the same as was ascertained by the operation of the retirement of the former two-thaler pieces, there would still be remaining in circulation about 450 millions of marks in thalers.

The highest estimate among those resting upon plausible data, goes up to 500 millions.

In all these valuations, the stock of thalers, which forms part of the metallic reserve of the Imperial Bank, is included.

IV.

If the provisions of the present monetary statutes should be completely carried out, and if, by reason thereof, the sales of silver should be resumed, the Imperial Government would need to dispose of only so much of the 410 or 500 millions of marks in thalers now in circulation, as well as of the bar silver which it has held since 1879, as might not be required for the augmentation of the circulation of subsidiary silver coins.

As has been stated in the above title I., the total amount of Imperial silver coins must not, under the present law, exceed 10 marks *per capita* of the population of the Empire.

The latter, however, having increased between the census of 1st December, 1875, and that of 1st December, 1880, from 42,727,372 to 45,194,172 souls, making a gain, therefore, of 2,466,800 souls, it becomes possible, at this date, under existing legislation, to augment by about 25 millions of marks the mass of silver coins struck up to the present time, and which amounts to 427 millions of marks. But, besides this, the Imperial Government has recognized, since the year 1880, the propriety of raising the rate of the fractional coinage from 10 marks to 12 marks *per capita* of the population, in case the monetary reform should be allowed to take its course.

If this new rate be based upon the total of the present population of Germany it would be necessary to coin a further sum of 115 millions of marks in silver money, and this would absorb the 31 millions of marks in silver ingots which are now on hand, and 73 millions of marks in thalers now actually in circulation.

There would remain to be sold, including 74 to 81 millions of marks in Austrain thalers, a mass of 337 to 427 millions of marks, that is to say, of 3,740,000 to 4,740,000 pounds of fine silver.

If the Austrain thalers be left out of the calculation, there would only remain to be disposed of 263 to 346 millions of marks, or, in other words, 2,920,000 to 3,840,000 pounds of fine silver.

SECOND SESSION.

SECOND SESSION

SECOND SESSION.

THURSDAY, *May 5*, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Greece,
The Netherland
Portugal,
Sweden,
Norway,
Spain,
Switzerland,
The United States of America, and of
France,

who took part in the First Session, and—

For Great Britain—

MR. FREMANTLE, Deputy Master of the Mint, at London,

For British India—

LORD REAY.

For Canada—

SIR ALEXANDER GALT, High Commissioner of Canada, at
London.

For Italy—

MR. SEISMIT-DODA, Member of the Italian Parliament, formerly Minister of Finance.

MR. LUZZATTI, Member of the Italian Parliament.

MR. SIMONELLI, Member of the Italian Parliament; and

COUNT RUSCONI, formerly Minister of Foreign Affairs, Secretary General of the Council of State.

For Russia—

MR. DE THOERNER, Privy Councilor, Director of the Department of the Treasury of the Empire.

For Switzerland—

MR. BURCKHARDT-BISCHOFF.

The Session began at half-past two o'clock, P. M.

The journal of the previous meeting was read and adopted.

The honorable DELEGATE OF GREAT BRITAIN conveyed to the Conference the expression of the regrets of Sir Louis Mallet, who was temporarily detained in England.

THE PRESIDENT recalled attention to the fact that, at the last meeting, the Conference had postponed to the present Session the choice of its Vice-President. Nearly the entire number of members being now present, the time would seem to have arrived to proceed to the completion of the organization of the Assembly.

On motion of MR. EVARTS, the Vice-Presidency was conferred upon Mr. VROLIK, first Delegate of the Netherlands.

MR. VROLIK expressed his thanks to the Conference.

The Order of the Day called for the Report of the Committee which, at the last Session, had been instructed to prepare a draft of a *questionnaire*.

MR. VROLIK, Chairman and Reporter of the Committee, set forth the results of its labors in the following Report:

Mr. President and Gentlemen—It was your pleasure to decide at our first Session that there should be a *questionnaire*, and that each Delegation should designate one of its members to consti-

tute a committee which should be charged to draw up a form of *questionnaire* to be thereupon submitted to the approval of the full Conference.

Conformably to the resolution of the Conference, this Committee met on Saturday, the 23d of April.

Sixteen States were represented: Germany, by Baron von Thielmann; Austria, by Chevalier von Niebauer; Hungary, by Mr. de Hegedüs; Belgium, by Mr. Pirmez; Denmark, by Mr. Lévy; Spain, by Mr. Moret y Prendergast; the United States, by Mr. Dana Horton; France, by Mr. Cernuschi; Greece, by Mr. Brailas-Arméni; the Netherlands, by Mr. Vrolik; Portugal, by Count do San-Miguel; Sweden, by Dr. Forssell; Norway, by Dr. Broch; Switzerland, by Dr. Kern.

The Committee was also able to profit by the presence at its meeting of two of the honorable Delegates who had not been present at the opening of the Conference, Mr. Luzzatti, for Italy; and Mr. de Thoerner, for Russia.

The Committee was also assisted in its labors by Messrs. Lavollée and Bruwaert, as Secretaries.

The sitting was opened by Mr. Kern, the senior member, who proposed that the Chairmanship should be tendered to Mr. Cernuschi, the representative of the State which offers us such generous hospitality; but Mr. Cernuschi declined the honor, and placed me in nomination for the office.

This proposition, so highly complimentary to myself, was accepted by the Committee; and it, therefore, devolves upon me to present to the Conference the draft of the *questionnaire* adopted by the Committee, in order to be submitted to the approbation of this Assembly.

Permit me to preface the discussions to which this document may give rise by a short *résumé* of the course we have pursued in reaching an agreement upon it.

The honorable the President of the Conference had alluded to the possibility that some, if not all, of the Delegates might have forms or drafts of *questionnaires* to submit to the Committee. If such had been the case, or even if several Delegates had made known their intention of presenting such propositions within a limited number of days, the Committee might have endeavored, while recognizing the great difficulties in this mode of procedure, to find a means of combining the different drafts in a single one, which would comprise, as far as possible, the questions proposed.

Fearing, however, that this course might present too many dif-

ficulties, and for that reason might be the means of much loss of time, the Committee believed that it would be more profitable to request the Delegates of the two States from which the invitation had emanated, to take upon themselves the drawing up of a programme, which should be printed and distributed confidentially, at least forty-eight hours before the next Session of the Committee.

Mr. Cernuschi and Mr. Horton consented, after a short deliberation, to take charge of this work.

Upon the request of Mr. Cernuschi and of Mr. Horton, the Delegates of the Netherlands, who, on their part, had prepared a draft of a *questionnaire*, placed the same at the disposal of these gentlemen to make such use thereof as they might deem proper.

Mr. Cernuschi and Mr. Horton having informed me that their labors were completed, I was enabled to summon my honorable colleagues to meet on Tuesday, the 3d of May.

At the meeting held on that day we had the advantage of seeing among us, besides the members who had taken part in our first Session, Mr. Charles W. Fremantle, Delegate of England, and Mr. Burckhardt-Bischoff, Delegate of Switzerland, the latter of whom, owing to an afflicting bereavement, had not been able to be present at the first Session of the Conference, or at the first meeting of the Committee.

Mr. Cernuschi and Mr. Horton had each drawn up a programme; they had further asked the Dutch Delegates whether there were any objection to printing the propositions of these latter also.

No disadvantage being perceived in such a plan, the three programmes had been by them laid before the Committee; and these have been printed and distributed to you all, gentlemen, in order that the whole Conference should be fully informed in respect thereof.

After an interesting debate, characterized by the greatest goodwill on all sides, the Committee reached the conclusion that, while rendering full justice to the labors of Mr. Cernuschi and of Mr. Horton, which covered a very wide field of theory and of history, the Dutch propositions possessed the advantage of concentrating the attention upon the essential points which required to be discussed, conformably with the terms of the invitation extended by France and the United States, while leaving, at the same time, a complete latitude, simultaneously with the examination of the questions proposed by the Netherland Delegates, likewise, to dis-

cuss the various and most interesting subjects indicated in the propositions of the French and American Delegates. These latter gentlemen, furthermore, did not hesitate, on perceiving the tendency of ideas in the Committee, to withdraw their propositions, and to give their adhesion to the Dutch programme.

It may not be out of place to mention here that two rather marked tendencies have shown themselves in the Committee, as it is also probable that they will appear in the discussions of the Conference.

One of these tendencies is to give great prominence to the scientific side of the discussions; the other is to limit them, as far as possible, to practical, legal, and diplomatic questions. In the proposed *questionnaire* which is now laid before you, we have striven to avoid these two extremes.

I may add that the other members of the Committee are glad to express their high appreciation of the manner in which Mr. Cernuschi and Mr. Horton have treated the subject; and the results of the labors of these two gentlemen are herewith submitted to the Conference, where they will be found of great service in the course of the debates.

This, gentlemen, is a brief statement of the process which has led to the adoption of the *questionnaire*, which we have the honor to submit for your examination.

Before proceeding farther, I am instructed by the Committee to formulate in its behalf two requests, and to present the same to our honorable President.

The first is: that if the *questionnaire* should have the good fortune to be adopted by the Conference, the Committee would very strongly recommend that, before the opening of the discussion of the first question, the President should give to those of the Delegates who may have official communications to make, an opportunity to deliver them, and that, thereupon, a general discussion should take place before proceeding to the examination of the questions proposed.

The second request is: that if it should be intended to offer new, supplementary, or accessory questions, these could only be brought up for debate after having been first reduced to writing, laid upon the table of the Conference, and distributed to all the members.

I only mention a further request of our Committee, in order to thank our honorable President for having responded to it with courteous promptitude, viz., the request that he should re-convene the Conference as speedily as possible.

The recommendations contained in the Report made by Mr. VROLIK were successively put to the vote and adopted without debate.

It was, therefore, decided:

First.—That Delegates having declarations to make in the name of their governments, should have the opportunity to do so before the opening of the debates.

Second.—That general discussion should precede the deliberations upon the different paragraphs of the *questionnaire* which should be adopted by the Conference.

Third.—That each Delegate should retain the right, even after the adoption of a *questionnaire* by vote, to propose new, supplemental, or accessory questions, but that such questions should not be brought up for debate until they should have been first reduced to writing, communicated to the officers of the Conference, and distributed to all the members.

THE QUESTIONNAIRE.

The *Questionnaire* prepared by the Committee was likewise adopted without debate. It was as follows:

I. Have the diminution and the great oscillations which have taken place in the value of silver, chiefly within the last few years, been hurtful or not to commerce, and, consequently, to general prosperity?

Is it desirable that the relation of value between the two metals should possess a high degree of stability?

II. Should the phenomena referred to in the first part of the preceding question be attributed to increase in the production of silver, or to acts of legislation?

III. Is it, or is it not, probable that, if a large group of States should agree to the free and unlimited mintage of lawful coins of the two metals, with full legal tender faculty, at a uniform ratio between the gold and silver contained in the monetary unit of each metal, a stability in the relative value of these metals would be obtained, which, if not absolute, would, at least, be very substantial?

IV. If so, what measures should be taken to reduce to a minimum the oscillations in the relative value of the two metals?

For instance:

1. Would it be desirable to impose upon privileged banks of issue the obligation to receive, at a fixed price, any gold and silver bullion which the public might offer?

2. How could the same advantage be secured to the public in countries where privileged banks of issue do not exist?

3. Should coinage be gratuitous, or, at least, uniform, for the two metals in all countries?

4. Should there be an understanding that international trade in the precious metals should be left free of all restraint?

- V. In adopting bimetallism what should be the ratio between the weight of pure gold and of pure silver contained in the monetary units?

Next in order were the Declarations which the honorable Delegates might desire to lay before the Conference in the name of their respective Governments.

Baron Von Thielmann, first Delegate of Germany, the Delegates of Great Britain, British India, Canada, Denmark, Portugal, Russia, Greece, Count Von Kuefstein, first Delegate of Austria-Hungary, and the Delegates of Sweden, Norway, and Switzerland, then read the following Declarations:

DECLARATION OF THE DELEGATES OF GERMANY.

Mr. President, and Gentlemen—The Imperial Government of Germany, in taking part in this Conference called for the object of establishing an international monetary system based upon bimetallism, does not intend by so doing to prejudice its further determinations in the premises; the declarations of its Delegates should not, therefore, be regarded as definitely binding upon the Imperial Government, but rather as a basis for later negotiations.

At the time, between 1865 and 1870, when monometallism with the single gold standard gained ground throughout a larger portion of the civilized countries, and when, toward the close of that period, a considerable quantity of gold found its way into the treasury of the German Empire, the Government took advantage of the occasion to firmly establish its monetary system, and to regulate in a uniform manner, upon the basis of the gold standard, the systems which, up to that time, had prevailed in the different States of the Empire. If, at that period, Germany had retained the single standard of silver, or if she had adopted bimetallism, other countries could the more easily have passed to the single gold standard, for the reason that the establishment of bimetallism in Germany would have facilitated the sale of their silver.

The monetary reform in Germany, determined upon and de-

creed, after mature consideration, is, at this moment, in a very advanced state. 1,747 millions of marks have been struck in gold coins, while 1,080 millions of marks in silver coins of earlier mintage, have been demonetized; the cost of these operations amounting to 44 millions of marks.

According to the highest estimate, there still remains in Germany about 500 millions of marks in old thalers, including Austrian thalers.

This monetary reform has sensibly bettered the condition of monetary circulation in Germany; not only has the general circulation augmented, as calculated *per capita* of the inhabitants, but it has also gained in this respect, that the circulation of gold has increased, while that of silver money and of subsidiary coins, as well as of notes not covered by a metallic reserve, has diminished. While, therefore, considering the monetary system of Germany, as established upon solid foundations, we in no wise fail to recognize the import of the fall in the metal silver, which has since occurred.

It is generally agreed to attribute this fall less to the sales of silver made by Germany, than to the measure adopted by our Government of taking from silver its quality of legal tender, an action which led the States of the Latin Union to put a stop to their coinage of silver.

It can not be denied that this latter measure, by doing away with the compensating effect which, until then, had maintained within narrow limits the oscillations in the price of silver, removed all obstacles to a progressive and limitless fall; it is, on the other hand, but just to admit that the fear of finding themselves compelled to receive a half milliard of marks of German silver, which could not fail to depreciate in a very considerable degree their own circulation, had no little influence in the decision taken by the Latin Union.

The fall of silver would, nevertheless, not have reached the point it did, if, at the same time, the production of that metal had not considerably augmented in America, while the demand in Asia was diminishing.

In view of these combined circumstances, the Imperial Government, in the month of May, 1879, resolved to suspend its sales of silver, and they have not since been resumed. This action, by giving firmness to the metal market, tended to facilitate the initiative of those Powers which were interested in the rehabilitation of silver. It, also, had the effect of diminishing the demand for

gold, a fact the more important in that the decreasing production of the latter metal, in the face of a constantly growing demand, had, within the last few years, caused a certain degree of tension in the market.

We recognize, without reserve, that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

Her Delegates are, therefore, not able to subscribe to a proposition looking to such action.

The Imperial Government is, on the other hand, entirely disposed to do its best to second the efforts of other Powers which might wish to unite, with a view to the rehabilitation of silver by means of the free coinage of this metal. In order to reach this end, and to guarantee these powers against the afflux of the German silver, which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:

During a period of some years, it would abstain from all sales of silver, and, during another period of a certain duration, it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second period, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited outflow of German thalers drawn from the national funds. Private individuals, or the Imperial Bank (which is a private bank under special control of the Government), would not be able, on the other hand, to cause thalers to flow to the mints of the bimetallic Union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to $15\frac{1}{2}$, established by the bimetallic Union, should undergo a considerable modification in favor of silver. This last contingency appears, however, but slightly probable.

In all other cases, the exportation of thalers would of necessity entail a loss to those who might undertake it; and, hence, the

countries of the bimetallic Union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from the coinage in the bimetallic Union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

If an international arrangement based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions.

She could provide, in her own circulation, a wider area for the metal silver, thus enlarging the use of it.

To attain this end, the Imperial Government would engage, eventually, to retire the gold pieces of five marks ($27\frac{3}{4}$ millions of marks), as well as the Imperial Treasury notes of the same value (40 millions of marks).

It might, further, melt down and re-coin the silver pieces of five and two marks (71 and 101 millions of marks), taking, as a basis, a relation between the two metals approaching that of 1 to $15\frac{1}{2}$, whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

You have here, gentlemen, the concessions which the Imperial Government would offer, and of which its Delegates are now ready to discuss the scope and the details of execution.

DECLARATION OF THE DELEGATE OF GREAT BRITAIN.

Gentlemen—Before the commencement of your debates, I consider it my duty briefly to explain to you, with the permission of the President, the position which I have the honor to occupy in coming to take part in the deliberations of the Conference.

In the month of February last, the Government of Her Britannic Majesty received from the Governments of France and of the United States of America, an invitation to take part in a Conference between the Powers chiefly interested in the question of establishing the use of gold and silver as international money, and of securing fixity in the relative value of these two metals. "The Conference was to examine and adopt, for the purpose of submitting the same to the Governments represented, a plan and a system for the establishment, by means of an international agree-

ment, of the use of gold and silver as bimetallic money, according to a settled relative value between these two metals."

Now, gentlemen, the monetary system of the United Kingdom, since 1816, that is to say, for more than 60 years, has rested on gold as a single standard, and this system has satisfied all the needs of the country, without giving rise to those disadvantages which have shown themselves elsewhere, and under other monetary regulations; and, for these reasons, it has been accepted by the Governments of all parties and by the nation. The Government of Her Majesty could not, therefore, take part in a Conference as supporting the principle of the double standard, and its answer to the invitation of France and the United States necessarily set forth the reasons which prevented it from taking part in the re-union which had been proposed.

The representative at London of the United States Government having, however, declared that the Powers represented at the Conference reserved to themselves entire liberty of action after the discussion, the Government of Her Britannic Majesty considered that it would be lacking in consideration towards friendly Powers to persist in its refusal to send a Delegate from the United Kingdom.

It is thus, gentlemen, that I have the honor to take my place at the Conference as the representative of Great Britain. My instructions impose upon me the duty, a duty which I shall be only too happy to perform, of furnishing you with all the information you may desire concerning the laws and the monetary system of England.

They do not permit me to vote upon the propositions which may be submitted to you; but I venture to assure you that I shall none the less follow with the liveliest interest the discussions which may be developed in an assembly where, as our President has so well said, are met together so many illustrious men, whose competency in monetary questions is universally recognized.

DECLARATION OF THE DELEGATES OF BRITISH INDIA—READ BY
LORD REAY.

Mr. President, and Gentlemen—The Government of British India, in sending Delegates to the Conference, is not to be regarded as having, by this fact, admitted the adoption of the principle of bimetallism in the British Indies; and in order that it may be free from responsibility for the conclusions which might be reached

by the Conference, its Delegates are not authorized to take part in the votes of that body.

Although the Secretary of State, as well as the Council of British India, do not believe it possible to nourish the hope, in the present circumstances, of a radical reform of the monetary system of India, they are ready to take into consideration such measures as might be proposed for introduction into India with the object of restoring the value of silver.

I have no need to assure your Excellency and you, gentlemen, that the Government of India will follow with the greatest interest your deliberations, and your resolutions, which may exert so powerful an influence upon the destinies of the Empire of British India.

DECLARATION OF THE DELEGATE OF CANADA.

I am instructed by the Government of Her Britannic Majesty to state, on behalf of the Government of Canada, that, while it will give the most respectful consideration to the conclusions of the Conference, the Government of Canada desires to reserve perfect freedom of action in respect to such conclusions.

I am further instructed to state that, while authorized to vote on the questions submitted to the Conference, such action must not be considered as prejudicing the future action of Canada.

DECLARATION OF THE DELEGATE OF DENMARK.

As the Danish Government has no intention of abandoning the single gold standard introduced into the country a few years ago, I have received instructions on the part of my Government to abstain from all discussion of the manner (*quo modo*) by which the bimetallic system could be regulated.

DECLARATION OF THE DELEGATE OF PORTUGAL.

Mr. President, and Gentlemen of the Conference—The Portuguese Government, in accepting the cordial invitation of the Governments of France and of the United States of America to be represented at this Conference, desired, while fulfilling a duty of international courtesy, to give to these two Governments a proof, in all respects deserved, of consideration and deference; but it frankly stated to them that the Portuguese monetary system, now in force, would not allow of its entry into the bi-metallic Union now contemplated.

To this declaration, which I am instructed to make to the Conference, I must add that the Portuguese Government intends to

reserve to itself, most explicitly, the ultimate determination and the fullest liberty of action concerning the conclusions which the monetary Conference may adopt.

It follows, from the preceding, that my official position at this Conference necessitates the greatest reserve on my part. I have not been empowered to vote upon any question tending to bind my Government in any manner whatsoever, or to express an opinion which might give reason to think that the Portuguese Government was disposed to abandon the attitude which it has deemed its duty to take in causing itself to be represented here. My opinions, therefore, if I should be led to take part in the debates, will be simply and entirely personal.

My duty will be to follow and to study the state of the question as it may develop itself in the course of the discussions, and to report upon the same to my Government, while attaching to it all the interest which so important a question deserves, a question so intimately connected with all the movements of social life.

DECLARATION OF THE DELEGATE OF RUSSIA.

The Russian Government, in sending a Delegate to the International Monetary Conference, upon the invitation of the Governments of France and of the United States of America, has done so with the intention :

On the one hand, to be able, with a complete understanding of the opinions exchanged in this reunion, to take into consideration the resolutions which may be reached by the Conference upon the monetary question ;

And, on the other hand, so far as it lies in its power, to put the Conference in a position to obtain directly from the Russian representative all the information upon the monetary situation of Russia which the Conference may require for the elucidation of the general question.

But, at the same time, the Russian Government reserves to itself entirely its right of opinion upon this whole matter, and in nothing renounces its liberty of action by reason of any resolutions of the Conference.

So far as concerns my personal position in the midst of this Assembly, I can not do better than repeat what has just been said on his own behalf by my honorable colleague the representative of Portugal.

DECLARATION OF THE DELEGATE OF GREECE.

The Delegate of Greece, in presence of the declarations made

by the honorable Delegates of England, of Russia, of Portugal, etc., considers it his duty also to declare that, in his capacity of representative of a State which has adopted monometallism, he would not be able to join in any measure which might lead to a change in this system. He will be most happy to take part in the labors of the Conference, and he will, while reserving to it full liberty of action, most willingly report to his Government upon any other question which may be proposed and discussed.

DECLARATION OF COUNT VON KUEFSTEIN, IN THE NAME OF THE DELEGATES OF AUSTRIA-HUNGARY.

Mr. President, and Gentlemen—It was not my intention to make a formal declaration at this Session, but, since a number of Delegates have given explanations of the spirit in which their respective Governments accepted the invitation of the Governments of France and of the United States, I likewise beg leave to present in a few words the situation of our Government. I scarcely need to do more than to go back to the Conference of 1878; our situation is very nearly the same as it was at that period; we follow the labors of this honorable Assembly with the same sympathy, and we make the same reservations.

The peculiar state of our circulation is not unknown to you. It is essentially one of paper money. It is true we are making the most earnest efforts to resume our payments in specie; nevertheless, up to the present time we have not been able to accomplish the desired result. This state of things places us in a somewhat delicate position in view of the important questions with which this honorable Conference will find itself engaged.

Our attitude will, therefore, be chiefly one of friendly reserve; and, while taking, *ad referendum*, the results of our deliberations, we are not able to enter into any engagement upon any particular point. And further, if any one of us should think proper to take part in the discussion, it would only be to express his personal opinions.

At the same time, we have no hesitation in saying, in accordance with what the Imperial and Royal Government declared at the Conference of 1878, that from the present our sympathy is assured for any and all measures which may be adopted with the object of ameliorating, or of restoring, as far as possible, the position of the white metal.

We gladly cherish, therefore, the hope that the Conference will not finally separate before adopting some remedy for the evils of

the present monetary situation, which, in our opinion, are serious from more than one point of view.

With all the reserve which our peculiar position imposes upon us, we shall still take part in the interesting labors of this Assembly with the liveliest interest and the most profound sympathy.

DECLARATION OF THE DELEGATE OF SWEDEN.

Mr. President, and Gentlemen—I will make known in a very few words the position of the Delegate of Sweden; my Government, while reserving entire liberty of action upon the subject of its monetary system, has given permission to its Delegate to take part in the discussions of the Conference.

DECLARATION OF THE DELEGATE OF NORWAY.

You are aware, gentlemen, that the Scandinavian countries have a monetary union based upon the single standard of gold; my Government reserves all its rights, but has given me entire freedom to take part in the discussions, saving only my obligation to report to it finally.

DECLARATION OF THE DELEGATES OF THE SWISS CONFEDERATION.

The Swiss Delegation declare that the Confederation, in so far as it is concerned, has no reasons to call for modifications of the arrangements adopted by the monetary treaty, known as that of the Latin Union, on the fifth of November, 1878, and of which the duration was fixed at seven years. They add, that Switzerland has, nevertheless, declared herself ready to take part in the Conference called at Paris under the initiative of the Governments of the French Republic and of the United States of North America.

The invitation to the new Conference implying, as it does, the desire to arrive at the conclusion of an international treaty authorizing the free coinage of gold and silver as bimetallic money, the Swiss Delegates will confine themselves to hearing the reasons which have moved the Governments of the United States and France in their initiative; they will also advise the Federal Council of the attitude which the great commercial powers, notably England and Germany, may assume in face of the Franco-American propositions, and they will ask further instructions before taking their ground, and before deciding, in the name of Switzerland, with regard to these propositions, whether it be to approve or to reject them.

As a result of what has been stated, the mission of the Swiss

Delegates is to take part in the Conference for the present, *ad audiendum et referendum*.

They also make, at the opening of the Conference, this formal declaration to that effect, and reserve, against all contingencies, the position, as of right, of the States of the Latin Union as fixed by the Convention of the 5th of November, 1878, and they add, in order that no doubt may remain upon this point, that the Federal Council has sent delegates to the Conference only because it considers this Conference as being of a preparatory nature, and nothing more, and as having for its sole task to discover the bases upon which the terms of an acceptable treaty might be constructed.

The Swiss Delegates will, therefore, not take part in any decision, of whatever nature it may be, without having first made a report to the Federal Council, and having received subsequent instructions from the latter.

Official notice was duly taken of the receipt of these several declarations.

The general discussion upon the whole of the questions submitted to the Conference was then in order.

MR. CERNUSCHI, Delegate of France, desired, in the first place, to convey to the Conference the impression which had been made upon him by the Declarations just read, notably those of the honorable Delegates of Germany and of Great Britain. The Conference could not fail to note the very considerable importance of these Declarations.

Upon what condition, in reality, did the success of the work depend upon which this Assembly was entering to-day? Upon the concord of the four great metallic Powers of the globe, France, the United States, Germany, and Great Britain. The understanding between France and the United States was already an accomplished fact, of which the meeting of the present Conference, called as it had been by the two Republics, might be considered the official confirmation. The success of the Conference, and the fate of bimetallism, then, only depended upon Germany and England. If, continued Mr. Cernuschi, these two join France and the United States, bimetallism becomes the monetary law of the whole world; if one of them should join, it would still be possible; if both should refuse their co-operation, it would be condemned to remain impracticable.

Now, what is the purport of the Declarations which have just

been read to the Conference? It is, in the first place, that the concurrence of Great Britain is, for the time being, refused.

In spite of the recent manifestations of the Chambers of Commerce of Liverpool and of Birmingham, notwithstanding the petitions signed at Manchester and London by the banks and the great merchants, who are, by reason of their extended relations with India, peculiarly interested in the success of bimetallism, England persists in maintaining the monetary system established, in 1816, by Lord Liverpool.

We can not be astonished at this. In acting thus, the British Government is, in a certain sense, only carrying out its time-honored methods. England never abandons her traditions except with extreme circumspection; she needs ten years to accomplish an economic revolution.

It took ten years for Sir Robert Peel to pass from the camp of protection to that of free trade; ten years to cease from being a partisan of paper money and an adversary of coin.

The Cabinet of London may still require some time before it adheres to the principle of bimetallism; but its conversion may almost be regarded as certain.

As far as Germany is concerned, the situation is entirely different; the conversion of that country to the principle of bimetallism no longer remains to be undertaken; it is already an accomplished fact.

Speaking through its first Delegate, the German Empire has admitted that the rehabilitation of silver is desirable, and it declares itself disposed to lend its aid in such an undertaking. Looked at from the point of view of principles and of monetary science, this gives cause for complete satisfaction; we have only to recognize it, and felicitate ourselves accordingly.

Let us examine from a practical point of view what Germany offers. She makes certain propositions, the importance of which can not be denied, but which yet seem insufficient.

She asks the other States to enter into engagements looking toward bimetallism, and gives reason to hope that she will defer the realization of her gold monometallism.

It is true that she promises to maintain the suspension of her sales of silver. Nevertheless, it remains none the less true that German bankers could send silver in payment, and would not receive that metal. In this there would be a dangerous inequality, against the consequences of which it is necessary to be on our guard.

There is no cause to find fault with the attitude of the German Government. Its position is justified by the situation, by the conditions themselves in which the German Empire has recently carried out its monetary reform, and to which Baron Von Thielmann drew our attention in his accurate statement, made a few minutes ago. That historical account, added Mr. Cernuschi, suggests to me at once a proposition which I think useful to communicate to the Conference, but upon my own personal responsibility.

Germany was the first to go into the experiment of gold monometallism, at a time when that monetary system was the object of a universal infatuation, amounting almost to a craze. In 1869, the Chancellor of the Exchequer, Mr. Lowe, was able to declare in full Parliament, on the occasion of the propositions for monetary unification made by France, that he would never treat with a country which retained bimetallism; but he expressed himself as disposed to reduce by one grain the weight of the £ sterling, in order to bring it nearer to the international piece of twenty-five francs, but only upon the absolute condition that France should give up the coinage of silver; and he was able to add, without being contradicted, that the French Government was inclined to subscribe to such an arrangement. At the same time, on this side of the channel, a vast monetary investigation was being carried on with *éclat* before the Superior Council of Agriculture and Commerce, the conclusions of which examination were favorable to the adoption of gold monometallism. An International Conference, called upon the occasion of the Universal Exhibition of 1867, had already pronounced in favor of the same views; and it may be said that every thing seemed to presage the early triumph of monometallism.

Immediately following upon these significant facts came Germany's proceeding in the reform of her monetary system; and it was natural enough that she took the course that seemed open to her. She did not wish, by becoming a bimetallic power, to run the risk of being used as a stepping-stone by the other States, which were, nearly all, moving towards monometallism; she did not wish to aid her neighbors to adopt gold monometallism, so that they might be able thereafter to use it against herself. Such conduct, save the error upon which it was based, seemed rational enough; but it is none the less certain that if, in 1871, Germany had not felt this fear, she would have preferred bimetallism, which she acknowledges to-day to be logical and legitimate, from a scientific point of view. She would thus have saved 96 millions of marks which the other States have gained at her expense.

In the present condition of affairs, what is the proper thing to do? We must, so to speak, blot out from history these last ten years, and return to the *status quo* which obtained before the monetary war; in a word, we must liquidate the disastrous experiment attempted by Germany.

In purchasing from the German treasury, as merchandise, a metal degraded by its demonetization, and, thereafter, putting in circulation this same metal transformed into money at the legal rate of 1 to $15\frac{1}{2}$, or 1 to 16, all the States have made a profit at Germany's expense. Let each one find out the sum of its gain, and reimburse Germany in the amount, and Germany, thus indemnified for the 96 millions of marks she has lost, could return without restrictions to bimetallism.

If the total so raised should not suffice to make Germany whole for the loss she has sustained, could not India be asked to make up the difference? In facilitating the return of Germany to bimetallism, and, through her, of the whole world, we should be working chiefly to the advantage of India. No country would profit as much as India by such a change. Bimetallism restored would mean, for the Indian treasury, an annual saving of at least 25 millions of rupees, which it loses to-day in the exchange on the 17 millions of pounds sterling paid to England.

To sum up, then, there remains upon the Continent no great State to be converted to bimetallism. Austria-Hungary and Russia, while still under the dominion of paper money, are altogether favorable to our enterprise; Italy, Spain, and the Netherlands are seconding our efforts. Success could not be rendered doubtful by the resistance of certain countries which, like the Scandinavian States and Portugal, are in a peculiar position, and one which they might, moreover, retain.

In reality, every thing now depends upon Germany; and an accord appearing to have been reached upon the principles, the time has arrived to negotiate with that power the practical conditions of an understanding.

MR. BROCH delivered the following discourse

I have asked the floor at the opening of the discussion, because, of all the Delegates present at this meeting, I am the only one who has taken part in all the International Monetary Conferences, beginning with 1867. I asked it further, because I was one of the chief promoters of the monetary reform which has recently been accomplished by the Scandinavian States, and of which the result

has been the introduction of gold monometallism into those countries almost without loss to the Treasury, and without injury to private individuals. While this fact exercised but a very slight influence upon the general market of the precious metals, it would seem none the less useful to refer to it for the sake of example.

If we compare the monetary conditions which obtained in Europe thirty-five years ago with those which are found there to-day, we are struck with the rapid progress of gold monometallism.

Thirty-five years ago England alone had the single standard of gold; all the other countries were either in fact and law, or simply in fact, silver monometallic. Thus, in the Netherlands, gold ducats were coined which circulated, chiefly in foreign countries, as merchandise without official value.

Because of the fineness and exactness of their standard, they were highly esteemed in the Orient, and particularly in the Balkan Peninsula; but these ducats had no fixed rate within the Low Countries, although their coinage was free. The only standard of the Dutch Kingdom was the standard of silver. Russia, Germany, and Austria also coined gold ducats, Friedrichs d'or and pistoles for exportation; but, like the Netherlands, these countries used, within their borders, only silver money. France, it is true, was under a bimetallic law, but her monetary circulation consisted principally of silver. From 1789 to 1848 she coined four milliards of francs in silver money, while the quantity of gold coined during the same period represented only one milliard. Every-where in Europe gold was at a premium; every-where, not only domestic, but foreign circulation, was effected by the aid of silver.

At the present time the situation is absolutely reversed. Throughout the whole of Europe the mints are no longer open to the free coinage of silver. In all countries it is the State alone that coins this metal, in quantities more or less limited; every-where foreign exchange is calculated as between the different gold coins. Gold has become in Europe the only true instrument of exchange. On the other side of the Atlantic, in the United States, the respective positions of gold and silver are analogous. After numerous changes of legislation, the last-named country continues the operations of the Bland Bill, which has, no doubt, established in appearance a kind of limited bimetallicism; but, in reality, gold monometallism remains in America as in Europe. The Bland Bill provides, in effect, nothing more than that the Federal Treasury shall employ, each month, in purchase of silver bars for coinage, a sum which shall not be less than two millions, nor more than four millions of

dollars. In fact, since the passage of the Bland Bill, the Government of the United States has never exceeded in its purchases of silver the *minimum* of two millions of dollars; the silver money manufactured by means of these purchases has not even been able to get into circulation, but has remained, one-half of it at least, in the vaults of the Treasury; and gold remains master of the monetary market.

What are the causes of this great economic revolution which, in all places, and more and more, tends to substitute the yellow for the white metal. They are numerous and complex. At any rate, it will suffice to enumerate the principal ones in order to convince ourselves that the gradual elimination of silver by gold is not an accident, but the natural, logical, and necessary result of the circumstances, and of the progress of civilization.

The principal of these causes was the discovery of the great gold mines, first in California, then in other parts of the United States, and in Australia. Within thirty years the quantity of gold has doubled; in this short space of time, trade and commerce have thrown into the circulation as much gold as mankind had accumulated in four centuries.

It is true that, during the same period, the production of the mines of silver has also augmented to a very considerable extent, but the rate of increase has been much less rapid for silver than for gold, as is proved by the Table of the production of gold and silver since the fifteenth century.¹

Simultaneously with this development of the production of the precious metals, and chiefly of gold, other economic and social phenomena were coming into prominence, which will make of our century one of the grandest epochs in the history of civilization and humanity. Thanks to the discoveries of science, to the expansion of the means of communication, the intellectual and industrial life of nations was, as it were, transformed.

The peoples began to have a consciousness of their solidarity; the different national trades-centers tended, more and more, to form but one great and universal market. Commerce, and especially international commerce, attained a scope previously unknown; traveling entered more and more into the general habits, and was accomplished with marvelous facility; international investments and securities became an element of constantly growing importance, entering more and more largely into transactions and the set-

¹ See Exhibit C. to the present Journal, pp. 55-69.

tlement of accounts between one nation and another. By this latter means, only recently, Europe was able to pay in American securities for the enormous supplies of cereals which three successive bad harvests had compelled her to get from the United States.

We may say that, providentially, this transformation in the world's economy coincided with a prodigious augmentation in the production of gold, for the one would not have been possible without the other. Yet people complacently think that the precious metals will be less and less needed; that commercial dealings will be settled by the help of bills of exchange, of set-off and balances, of clearing-houses. This may prove to be true, so far as concerns the large affairs of commerce, but there is a great variety of small transactions which only gold can facilitate. Thus, for instance, gold is the metal, and the only metal, which suits the purposes of travelers; neither silver, so inconvenient and so heavy, nor even letters of credit, can take the place of gold during rapid journeys. Gold alone is the necessary agent of frontier trade, which Governments in all parts of Europe seek to make easy, and which is always carried on for cash. Only gold makes it possible for merchants to profit by the advantage of a journey to settle in person, and by coin payments, their accounts with their correspondents in neighboring countries, without recourse to the onerous intermediation of bankers. In fine, gold is the metal the most suitable, not, as has been said, to the rich countries, but to the countries having proportionately the most fully developed means of communication, the most travelers, and whose commercial transactions reach the highest figures.

Therefore, the United States and Europe are, in fact, or by right, gold monometallic, while British India, which has, in proportion to its population and extent, a railway system ten times less than that of Europe, retains its monometallism of silver.

True, the bimetallists claim that their system would offer the same advantages as gold monometallism, but upon condition that the coinage of silver should be every-where permitted. Now, I think, on the contrary, that with this unlimited coinage the dangers of bimetalism are considerable, and I acknowledge, at the same time, that, without this unlimited coinage, there can be no real bimetalism. Upon this point I agree with Mr. Cernuschi.

He showed clearly that a bimetallic system with the ratio of 1 to $15\frac{1}{2}$ was the only bimetalism acceptable, not only to France and the countries of the Latin Union, but to the rest of Europe; and that

gold monometallism would be preferable to bimetallism with the ratio of 1 to 18. I am also prepared to admit, with him, that there can be no true bimetallism unless the coinage of the two metals is free and unlimited, as well for private individuals as for States, and unless ingots are every-where immediately exchangeable, minus a charge of one-fifth, one-fourth, or one-half per cent. at most, for bank notes having legal currency, or for coin. This system is already followed as to gold in England and Norway; but, with unlimited mintage of the two metals, and even with unlimited coinage of silver alone, it becomes impracticable in the present condition of things. It would be very onerous, very perilous for the great States, and the small States could not attempt to apply it.

Bimetallism presents, moreover, one especially formidable objection, and one which is frequently overlooked, viz., that of a liquidation in case of the dissolution of a universal or very extended monetary union.

It is very evident that if the two metals were admitted to coinage, without limit, in the mints of all the States composing such a monetary union, the silver bars to be coined would be sent by preference, or even exclusively, to the mints of the great States. In these alone could the owners of bullion expect to find a sufficiently complete and perfect manufacturing outfit to enable them rapidly to withdraw their coined metal without having recourse to mint receipts or certificates, and without losing interest during the time required for the coinage, which in the case of silver is always long. Now, the coins thus manufactured would necessarily bear the arms or the effigy of the sovereign of the State within the territory of which they had been coined; and, not less inevitably, by virtue of an unquestioned principle of international law, would it devolve upon the same powers to take them up if the monetary union should be dissolved. Whence, it would result that at the expiration of the compact of union, two or three great States would have to receive the immense quantity of silver which, until then, would have circulated, if not over the whole globe, at least over a notable part of the civilized world.

As a result of this obligation, they would suffer an incalculable loss, which even the greatest financial powers might not be able to withstand, and to which the smaller States should not expose themselves.

Even if a universal monetary union should be formed, and should be perpetuated upon the basis of the relation of 1 to $15\frac{1}{2}$, the difficulties and dangers of bimetallism would still be consider-

able. By reason of its intrinsic advantages, gold would command a premium, and it would be an illusion to believe that the banks would continue to put it into circulation while keeping silver as metallic reserve. No doubt, the Bank of France pays its notes to-day in the yellow or the white metal without distinction, but the reason of it is simple. Bimetallism being only partial, gold is necessary in transactions with certain foreign countries, and the Bank of France realizes, from this fact, that if it refused to pay out gold it would be doing a serious injury to French trade. The case would be otherwise as soon as bimetallism became universal; then the banks would probably deem it important to keep a certain quantity of gold in their reserves; they would seek to procure it, even by submitting to a premium, and they would pay in silver, the consequence of which would be, that after a short time the domestic circulation would become overloaded with that metal.

Another unfortunate result of the universal adoption of bimetallism at the ratio of 1 to $15\frac{1}{2}$ would be an augmentation in the monetary wealth of the world, and, as a consequence, a depreciation of the metals, accompanied by a corresponding and general rise of prices. It is estimated that at the present time the coined metal in circulation throughout the whole world represents 34 milliards of francs (18 in gold, 16 in silver). These latter 16 milliards, which are calculated at $15\frac{1}{2}$, are worth in fact but 14 milliards, the divergence between the legal and the real ratio being that between $15\frac{1}{2}$ and 18; that is to say, about 18 per cent.

On the day when the proportion of $15\frac{1}{2}$ should become universal and obligatory, silver would rise 18 per cent., gold would fall, and the prices of all commodities, especially of those which come from the East, and are paid for in silver, would experience a considerable advance. This rise would become more evident by degrees, as the monetary market became glutted with the product of numerous silver mines which are now lying idle, or are worked but little, and almost at a loss, but the working of which would again become remunerative, thanks to the raising of the value of silver. A rise so general, so sudden, and so considerable, would throw the economic and commercial world into confusion, and would carry disturbance into all classes of society. It would change all the relations of mankind among themselves, and would be equivalent to a reduction of all debts. Now, it is not only unjust thus to produce by a legislative measure an artificial rise in all commodities, it is dangerous to do so, for it is to expose ourselves, in like case, to grave social complications. We are answered that the workman's wages would

increase in a proportion equal to the rise in commodities, and that by this means the equilibrium would be restored; but experience has shown that, practically, such is not the fact.

Wages of laborers rise but slowly, after desperate struggles, and at the end of repeated strikes; they never advance as rapidly, nor to the same extent, as the prices of material things. The working class would, therefore, inevitably suffer from the augmentation of the value of silver, the result of bimetallism at 15½.

The same would be true of public functionaries who would be reduced to a lower position in their social scale unless the State decided to grant them a very considerable advance in salaries.

Is it rational to enter upon a road which leads to a general rise of prices? A tendency in this direction, as the world's history clearly shows, is but too evident and too constant. This phenomenon when observed during a small number of years, almost escapes observation; but for a period of long duration it assumes considerable proportions. It is equally marked in natural products intended for consumption, such as cereals, and in manufactured articles. Certain chemical or metallurgic productions have fallen in price, but only as a result of the progress of science.¹

As far as concerns manufactured articles in general, the rise is the more remarkable, since it affects commodities of which modern invention in the processes of manufacture constantly tends to reduce the cost of production. The nominal value increases notwithstanding, evidently because of the constant depreciation of money. Is it wise by legislative measures to accelerate this movement toward a general advance of prices?

To sum up, then, it is, without a doubt, of great importance, not to "rehabilitate" silver, which seems impossible, but at least to put a stop to its fall. But the true way of succeeding in this is, not by arbitrarily raising the value of this metal in Europe and America, but by encouraging its use in the countries of the Orient which still have a preference for it; in that vast Chinese empire, scarcely yet opened to Europe, in that immense African continent, which is to-day invaded from all sides, and where trade is still carried on under the primitive form of barter, but where it would no doubt be easy to introduce the use of silver money. In order that silver shall be able to raise itself from its present discredit, it will not be

¹ See Exhibit C. to the present Journal, a table of the prices of cereals in the principal markets of the north of Europe—during three centuries for Copenhagen, nearly one century for Hamburgh, Berlin, and London, and also for France. p 62.

sufficient for the extension of civilization to accelerate the circulation of it in the East and in Africa; it will, further, be necessary that the civilized nations of Western Europe and America make like progress in their capacity to consume the raw materials produced in the former countries. Now, it is unhappily too true that the disastrous system of armed peace which prevails to-day has the effect among the different peoples of Europe to diminish their capacity as consumers. By overloading the budgets, by calling to the standards three millions of men in the vigor of youth, the army, even in time of peace, reduces, in a very considerable degree, the productive power of all nations, and for the same reason, their ability to consume; but it is to be hoped that this unfortunate state of things, the result of the faults of our ancestors, will not last for ever, and that as wants increase with the possibility of satisfying them, the markets of Europe will offer a continually enlarging outlet for the natural products of those countries in which the use of silver money prevails. Already these countries have absorbed a very great mass of this metal. Thus, in examining the table showing the commerce of the British Indies from 1855 to 1880,¹ we observed that in that quarter of a century the Indian Empire imported specie to the amount of two milliards and a-half of francs in gold, and five milliards and a half of francs in silver. During the same period, Government bills were drawn upon India for more than four milliards and a half of francs. Of the enormous mass of specie sent to India, a very small portion (250 millions of francs in gold, and 750 millions of francs in silver) has been exported by sea; another part, made up principally of gold coin, and an amount which it is very difficult to estimate, has probably been withdrawn by land in the direction of Persia and Afghanistan. All the rest must have remained in India, and have accumulated there, either in the shape of jewels, or of hoards. Now, the demand by Europe for Indian products, and the corresponding demand by India for European silver, far from diminishing, will only increase in the future. The stock of silver metal will thus find its outlet by a process slow, natural, and logical, far preferable to the sudden and factitious disorder which would result from measures of legislation.

I, therefore, persist, as I did in 1867, and as I did in 1878, in advising the States of Europe and the United States to adopt the single standard of gold. In spite of all that has been said, those

¹ See Exhibit C. to the present Journal, pp. 57-58.

countries could procure that metal in sufficient quantity to satisfy all the wants of commerce. The production of gold still amounts to a half milliard of francs annually, and there is little likelihood that it will sensibly diminish. There is, therefore, the certainty of having enough gold to meet all needs, even if the States now under a forced paper currency should resume their payments in specie.

These States will, in fact, require a long time to get back to coin; they will not all resume at the same period, and they already possess a certain amount of gold for their foreign trade.

I, therefore, perceive no danger; I see, on the contrary, only advantages in Europe and the United States maintaining the *status quo*.

I would even counsel them to make their preparations from now on, to come out of it sooner or later, in order to pass to the standard of gold; for, in all the civilized countries of the West, the future belongs to gold, and to gold alone.

MR. BROCH placed in the hands of the Secretary of the Conference two memoranda, the first showing the relation between the price of gold and that of silver in the London market from 1845 to 1880; the second, the monetary system of the Scandinavian States, and the total amount of the mintage of coins in the Scandinavian Union up to 31st December, 1880.¹

On motion of BARON VON THIELMANN, the Session was suspended during half an hour.

At the expiration of the recess, MR. MORET Y PRENDERGAST, Delegate of Spain, proposed that the Conference should make an alteration in the order of its labors on account of the very great importance of the propositions of the German Government, and of the declarations of the Delegates of Great Britain, British India, and Canada. On the one hand, the communication of the honorable the first Delegate of Germany raised questions of an exceptional gravity, from a practical point of view, and such as most of the Governments represented at the Conference were probably not prepared to answer. On the other hand, the English, Indian, and Canadian Declarations, while denoting the intention to resist the introduction of a particular system of monetary circulation, still indicated not only a real sympathy with the attempt, making by the Con-

¹ See Exhibit C to the present Journal, pp. 55 and 67.

ference, towards an amelioration of that circulation, but also a disposition to lend aid in such an effort under conditions and to an extent which could not, as yet, be definitely determined. In presence of these different Declarations, the Delegates themselves, and their Governments, required to study and thoroughly to examine the propositions therein contained, to consult competent financial authorities, and to confer together. Mr. Moret y Prendergast therefore proposed :

1. To devote one session, which might be at an early date, to a general discussion of the German, English, Indian, and Canadian Declarations, for the purpose of getting at their scope and value.

2. To adjourn, thereupon, to a date which might be fixed by the Conference, or which the President of this Assembly might be left to determine, but which should, in any case, be sufficiently distant to permit of the opening and carrying on of negotiations.

MR. VROLIK remarked, that the adjournment of the Conference to an uncertain, but, in any event, to a distant date, might be interpreted in an unfavorable sense, especially if taking place almost at the commencement of their labors, and at the very time when the Conference had just adopted a programme for its deliberations, and had happily completed its organization by the arrival of the Delegates of Great Britain, India, and Canada. The proposition of the Delegate from Spain should, he thought, not be entertained until an adjournment could have been preceded by a more or less extended discussion of the various points indicated in the *questionnaire* which the Conference had taken as a basis for its deliberations.

THE PRESIDENT proposed to the Conference, as a means of reconciling the two propositions presented by the Delegates of Spain and of the Netherlands, to continue the general discussion of the *questionnaire*, and, thereafter, to examine each one of the paragraphs which it contained, but without adopting any resolution or coming to any vote upon the questions embraced in the programme.

At the close of such an examination, in which the opposing doctrines would be debated, the motion for adjournment presented by Mr. Moret y Prendergast might be introduced with advantage.

The Delegates of Spain and of the Netherlands agreeing to this view of the matter, the continuation of the general discussion was set down for Saturday, the 7th of May, at two P. M.

The Session closed at half-past five o'clock.

EXHIBITS OF THE SECOND SESSION.

EXHIBIT A.

(Presented by the COMMITTEE OF FIFTEEN, page 23.)

PROPOSITIONS SUBMITTED TO THE COMMITTEE.

BY MR. HENRI CERNUSCHI.

The Conference might keep practical questions in reserve; put the debate on bimetallism in the second line, and commence its labors by a general discussion on the theory of money. Science first—interests afterward. Convinced of the utility of this mode of procedure, the undersigned has prepared the following propositions, and hopes that the Committee will kindly submit them to the Conference.

PROPOSITIONS.

1. Money is a legal and mathematical value.
2. A legal value, for it is the legislator who fixes the material of which money shall be made, and who gives it a forced circulation.
3. A mathematical value, for the value of money is in inverse ratio to its mass; that is to say, the quantity of it in circulation.
4. Free coinage with unlimited forced circulation has the effect of constituting the whole of the metal, old or new, coined or uncoined, a single monetary mass.
5. Metallic money is of automatic issue; the limit of issue is fixed by nobody. Paper money is of Governmental issue; the limit of issue is fixed by the Government.
6. Paper money is merely national money. Metallic money may be international money.
7. In order for it to be international money there must be similarity of legislation between several States; gold or silver must, at least, be their common money, with unlimited coinage and forced circulation.
8. The value of money changes if a change occurs in the volume of the monetary mass.
9. If a change occurs in the value of merchandise its price changes;

but the prices of all other merchandise and of all property remain unaltered. If a change occur in the volume and, consequently, in the value of money, all prices are changed.

10. Debts and credits, dividends, incomes, pensions, reversions, all contracts for the future transmission of capital, are fixed in money. If a change occurs in the value of money, all those who have to pay, or all those who have to receive, will be injured.

11. For the stability of prices, and the security of time bargains, the value of money ought to be stable.

12. There should be adopted, as the monetary mass, a mass which is the least possibly subject to diminishing in volume, and which is, on the contrary, capable of augmenting, for the augmentation is itself necessary to the stability of the value of money.

13. With silver and gold two masses are obtained, both of which are fitted to serve as a monetary mass. The silver mass is better than the gold mass. No other substance exists of which a good monetary mass can be made.

14. Coin, the mintage of which is not free, is only national money. If melted down that coin becomes merchandise—a merchandise not worth nearly as much as the coin was.

15. The value which gold and silver might have as merchandise, if no legislation adopted them as monetary masses, is not a constituent element in the value of money.

16. Money is created for the purpose of measuring the relative value of all merchandise and property. The value of money is not measured, is not valued.

17. Money is the material which serves to pay for all that is bought and sold. The material serving as payment is itself unpurchasable, unvendible. Silver is unpurchasable, unvendible, in silver monometallic countries; gold in gold monometallic countries.

EXHIBIT B.

(Presented by the COMMITTEE OF FIFTEEN, page 24.)

DRAFT OF A QUESTIONNAIRE SUBMITTED TO THE COMMITTEE.

BY MR. DANA HORTON.

- I.—QUESTIONS concerning the Nature and History of Money.
- II.—QUESTIONS concerning the Modern Monetary Policy (before 1873) of certain States, and its Influence upon the Stability of Purchasing Power of Money.
- (A.)—In general.
 - (B.)—Stability of Domestic Purchasing Power.
 - (C.)—Maintenance of Steady Par between different Systems of Money.
- III.—QUESTIONS concerning Monetary Policy since 1873.
- (A.)—Stability of Domestic Purchasing Power.
 - (B.)—Maintenance of Steady Par between different Systems of Money.
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I. QUESTIONS CONCERNING THE NATURE AND HISTORY OF MONEY.

1. Does history tell of any development of civil society where there was no imposition and no payment of tribute and taxes, fines and damages?

2. Does not civilization imply the presence of money as a civil institution, an integral portion of the State, and that that which is legal tender in discharge of the obligations mentioned, shall also be an acceptable instrument of valuation on the part of State and individuals, the privileged instrument for preserving, transporting, and exchanging wealth, a convenient medium of commercial exchange, and shall thus become an almost omnipresent element of private contracts?

3. Has not monetary law, which has created almost the entire use made of the precious metals, likewise created nearly the whole of their value?

4. Where several commodities are elevated to the rank of money in different countries, either singly or jointly, at some ratio of equivalence (fixed by national monetary law), does not the total monetary law of countries which use either or all of these commodities as money entirely control the relative employment for them, so that at any given time the rate of their equivalence with each other, whether as actual or potential money, is merely the resultant of the complex forces of existing monetary law?

5. Is the principle of freedom of contract or of freedom of exchange opposed to the simultaneous employment of silver and gold money at a fixed ratio established by the law?

II. QUESTIONS CONCERNING THE MODERN MONETARY POLICY (BEFORE 1873) OF CERTAIN STATES, AND ITS INFLUENCE UPON THE STABILITY OF PURCHASING POWER OF MONEY.

(A.) *In General.*

6. Waiving all questions of the methods of correctly ascertaining general averages of prices, is not stability of average purchasing power the chief desideratum in money?

7. Is not a general reduction of average prices accompanied by a prolonged and insidious crisis?

(B.) *Stability of Domestic Purchasing Power.*

8. Has not each nation, in the proportion of the activity of its people in production and exchange, an equal interest in the stability of the average purchasing power (at home) of its money?

9. Did not the prohibition of silver coinage in England after 1798, at a time when a war demand for gold had compelled the use of paper money, increase the divergence between paper and gold, and assist in maintaining a situation which made the retention of paper money necessary?

10. Did not England's replacement of this paper money by gold alone (1815-1821), withdrawing from its accustomed channels of circulation a considerable portion of the world's stock of gold, at a period when the annual product had been and remained notably deficient, and when the monetary condition of other countries rendered probable a general subsidence of prices, expose England and the Western World to a considerable rise in the purchasing power of money?

(C.) *Maintenance of Steady Par between Different Systems of Money.*

11. Has not each nation, in the proportion of its relations with foreign

nations, either through commerce or through international investments, an interest in the stability of the rate of equivalence between its own money and that of the nation with which it has dealings?

12, 13, 14, 15. Reviewing the monetary policy of the century and half before 1873, during which period monetary law had upheld for silver and gold that position of domestic and international money which they had enjoyed since the origin of civilization, but had omitted by concurrent or identical legislation to fix the ratio of equivalence between them more closely than is indicated by 14.50 to 16 as the limits of its fluctuation, it is asked whether this fluctuation would not have been materially less:

1. Had England, in 1717, or afterwards, conformed her silver and gold ratio to that of France?

2. Had France, in 1785 or 1803, adopted the ratio of 15 instead of that of 15.50?

3. Had England abstained from outlawing silver as domestic money in 1798 or in 1816?

4. Had the United States, in 1834–1837, adopted the ratio 15.50 or 15.62?

16. With reference to the same period, it may be asked whether, in addition to the instability inflicted upon international trade and international investment by the conflicting gold policy of these States, this conflict of policy is not likewise chargeable with the time and labor and capital consumed in effecting exchanges of one kind of money with another, which arose directly from the fluctuations in this rate of equivalence?

17. Has the convenience of mankind been served by making gold lighter and silver heavier, that is to say, by a series of legislative acts which have altered the rate of divergence between them from 14.50 to 15.50, 16 or 18?

18. What portion of the total of monetary law is the efficient cause of the steadiness in the rate of equivalence between gold and silver throughout the period between 1803 and 1873? Was not the free coinage of gold and silver in France the chief cause of the maintenance of a steady rate of equivalence between gold and silver in the period 1803–1873?

19. What would have been the influence upon this rate of equivalence had England and France demonetized gold after the gold discoveries, 1849–1851?

III. QUESTIONS CONCERNING MONETARY POLICY SINCE 1873.

(A.) *Stability of Domestic Purchasing Power.*

20. Did not important reductions in the domestic averages of prices occur throughout the Western World in the years following 1873?

21. Have not coincident changes in monetary law, reducing the supply

of money in the Western World by withdrawal of legal tender power from existing silver coins, by excluding silver from coinage, and by checking the circulation of existing money, been the controlling factor in this reduction?

22. Does not the existing state of business in Europe and America demand, as a condition to the maintenance of the present general average of prices, a considerable annual increase of the material used by them as money?

23. Do not existing probabilities point to a diminished annual production of gold in the future?

24. Does not the present general exclusion of silver from mintage in the Western World, directing monetary demand upon a stock of gold scantily reinforced, promise, if continued, either the evils connected with a reduction of general averages of prices, or an excessive extension of the use of paper money and of transfers of title to money?

25. What would be the effect if a single nation should now, by changing its present monetary laws, sensibly increase its stock of gold?

(B.) *Maintenance of Steady Par between Different Systems of Money.*

26. Can there be any other important causes for the abrupt divergence of the rate of equivalence between silver and gold in international trade which has occurred since 1873, than the withdrawal from silver and transfer to gold of an important part of the normal monetary employment of Europe for silver?

27. Had Germany adopted the silver and gold standard at $15\frac{1}{2}$ to 1 in 1871-1873, would not a higher degree of steadiness in the world's markets have been attained?

28. Would not the accession of England to a Bimetallic Union of Continental States with the United States of America put the par of the metals throughout the world in condition to withstand undisturbed any change of mass, through discovery of either metal, of which history gives precedent?

29. Is it not desirable that there should be uniformity between the States represented in the Conference in the mint charge, or in the charge made in commutation of interest for the time consumed at the mint in converting bullion into money?

EXHIBIT C.

(Presented by DR. BROCH, pages 122—E., 122—H., 122—J.)

SECTION I.

RELATION OF THE PRICE OF GOLD TO THAT OF SILVER, ACCORD-
ING TO THE MONTHLY AVERAGE PRICE OF SILVER IN THE
LONDON MARKET,

BY DR. O. J. BROCH.

Years.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Annual Average.
1845.....	15.85	15.92	15.95	16.05	16.22	15.98	15.95	15.88	15.88	15.82	15.80	15.92	15.93
1846.....	15.90	15.92	15.92	15.95	15.98	15.98	15.97	15.95	15.95	15.92	15.73	15.68	15.91
1847.....	15.68	15.62	15.62	15.65	15.98	15.97	15.92	15.73	15.78	15.92	15.95	15.95	15.82
1848.....	15.95	15.90	15.93	15.95	15.97	15.85	15.85	15.77	15.78	15.77	15.83	15.85	15.87
1849.....	15.97	15.78	15.72	15.75	15.75	15.82	15.82	15.77	15.80	15.88	15.85	15.85	15.81
1850.....	15.82	15.82	15.82	15.82	15.82	15.82	15.78	15.73	15.72	15.65	15.52	15.33	15.72
1851.....	15.30	15.32	15.33	15.33	15.43	15.43	15.52	15.49	15.57	15.65	15.62	15.52	15.46
1852.....	15.52	15.59	15.62	15.68	15.75	15.73	15.64	15.62	15.62	15.49	15.32	15.35	15.58
1853.....	15.36	15.38	15.36	15.36	15.41	15.46	15.35	15.30	15.21	15.40	15.14	15.27	15.33
1854.....	15.27	15.29	15.26	15.26	15.27	15.36	15.36	15.40	15.36	15.40	15.36	15.32	15.33
1855.....	15.33	15.32	15.36	15.52	15.43	15.33	15.33	15.33	15.29	15.36	15.41	15.36	15.36
1856.....	15.40	15.38	15.47	15.46	15.43	15.43	15.40	15.35	15.24	15.21	15.15	15.18	15.34
1857.....	15.19	15.24	15.27	15.27	15.33	15.26	15.29	15.24	15.32	15.26	15.29	15.26	15.27
1858.....	15.35	15.27	15.32	15.36	15.33	15.33	15.44	15.47	15.51	15.40	15.29	15.30	15.36
1859.....	15.24	15.27	15.26	15.18	15.12	15.19	15.13	15.21	15.27	15.21	15.21	15.21	15.21
1860.....	15.18	15.19	15.18	15.29	15.30	15.40	15.44	15.36	15.30	15.29	15.32	15.35	15.30
1861.....	15.38	11.41	15.24	15.44	15.43	15.57	15.67	15.64	15.57	15.52	15.47	15.43	15.48
1862.....	15.35	15.32	15.38	15.41	15.40	15.33	15.46	15.41	15.38	15.33	15.21	15.29	15.36
1863.....	15.29	15.33	15.33	15.43	15.38	15.35	15.44	15.46	15.43	15.38	15.35	15.35	15.38
1864.....	15.23	15.33	15.33	15.54	15.46	15.40	15.41	15.38	15.33	15.46	15.47	15.39	15.39
1865.....	15.33	15.35	15.41	15.54	15.54	15.57	15.55	15.54	15.51	15.44	15.10	15.32	15.43
1866.....	15.32	15.43	15.47	15.65	15.32	15.19	15.35	15.57	15.51	15.46	15.47	15.49	15.44
1867.....	15.49	15.53	15.52	15.46	15.55	15.59	15.59	15.60	15.63	15.61	15.66	15.61	15.57
1868.....	15.62	15.59	15.54	15.55	15.59	15.62	15.61	15.64	15.66	15.64	15.59	15.54	15.61
1869.....	15.53	15.49	15.57	15.57	15.65	15.68	15.64	15.64	15.60	15.61	15.59	15.59	15.60
1870.....	15.57	15.60	15.59	15.61	15.60	15.60	15.45	15.59	15.62	15.59	15.56	15.58	15.60
1871.....	15.57	15.58	15.61	15.66	15.66	15.63	15.57	15.54	15.52	15.60	15.50	15.52	15.58
1872.....	15.50	15.45	15.51	15.57	15.68	15.70	15.68	15.68	15.61	15.70	15.85	15.79	15.64
1873.....	15.75	15.75	15.75	15.78	15.82	15.88	15.90	15.96	16.00	16.05	16.26	16.25	15.93
1874.....	16.05	16.05	16.00	16.01	16.06	16.06	16.96	16.26	16.32	16.33	16.26	16.40	16.16
1875.....	16.38	16.42	16.51	16.47	16.61	16.74	16.90	16.76	16.63	16.56	16.61	16.74	16.63
1876.....	16.98	17.38	17.67	17.55	17.80	17.24	19.59	18.07	18.21	17.96	17.50	16.65	17.80
1877.....	16.35	16.54	17.16	17.40	17.42	17.59	17.44	17.42	17.32	17.13	17.30	17.20	17.19
1878.....	17.53	17.38	17.30	17.44	17.62	17.76	17.92	17.97	18.33	18.71	18.65	18.87	17.96
1879.....	18.84	18.88	19.03	18.97	18.47	18.18	18.18	18.29	18.29	18.11	17.66	17.94	18.39
1880.....	17.96	18.05	18.14	18.13	18.09	17.97	17.90	17.90	18.02	18.11	18.22	18.19	18.06

SECTION II.

PRODUCTION OF GOLD AND OF SILVER IN THE WORLD ACCESSIBLE TO WESTERN CIVILIZATION,

BY DR. O. J. BROCH.

(1 kilogram of fine gold = 3,444 $\frac{1}{2}$ francs in comparison with the gold piece of 10 francs. 1 kilogram of fine silver = 222 $\frac{2}{3}$ francs in comparison with the silver piece of 5 francs.)

TABLE I.—*Production of Gold and of Silver, since the Discovery of America, up to 1879, according to Dr. SOETBEER, of Göttingen, 1879 and 1880.*

Periods.	Number of Years.	ANNUAL AVERAGE PRODUCTION.				TOTAL PRODUCTION.				Average Proportion of the Value of Gold and of Silver in Europe.
		By Weight in Kilograms.		By Value in Francs.		By Weight in Kilograms.		By Value in Francs.		
		Fine Gold.	Fine Silver.	Gold.	Silver.	Fine Gold.	Fine Silver.	Gold.	Silver.	
1493-1520.....	28	Kilog. 5,800	Kilog. 47,000	Francs. 19,980,000	Francs. 10,440,000	Kilog. 162,400	Kilog. 1,316,000	Francs. 560,000,000	Francs. 292,000,000	11.3
1521-1544.....	24	7,160	90,200	24,660,000	20,040,000	171,800	2,165,000	592,000,000	481,000,000	11.2
1545-1560.....	16	8,510	311,600	29,310,000	69,240,000	136,200	4,986,000	469,000,000	1,108,000,000	11.3
1561-1580.....	20	6,840	299,500	23,560,000	66,560,000	136,800	5,990,000	471,000,000	1,331,000,000	11.7
1581-1600.....	20	7,380	418,900	25,420,000	93,100,000	147,600	8,378,000	508,000,000	1,862,000,000	11.9
1601-1620.....	20	8,520	422,900	29,350,000	93,980,000	170,400	8,458,000	587,000,000	1,880,000,000	13.0
1621-1640.....	20	8,300	393,600	28,590,000	87,470,000	166,000	7,872,000	572,000,000	1,749,000,000	13.4
1641-1660.....	20	8,770	366,300	30,210,000	81,400,000	175,400	7,326,000	604,000,000	1,628,000,000	13.8
1661-1680.....	20	9,260	337,000	31,900,000	74,900,000	185,200	6,740,000	638,000,000	1,498,000,000	14.7
1681-1700.....	20	10,765	341,900	37,080,000	76,000,000	215,300	6,838,000	742,000,000	1,520,000,000	15.0
1701-1720.....	20	12,820	355,600	44,160,000	79,000,000	256,400	7,112,000	883,000,000	1,580,000,000	15.2
1721-1740.....	20	19,080	431,200	65,720,000	95,800,000	381,600	8,624,000	1,314,000,000	1,916,000,000	15.1
1741-1760.....	20	24,610	533,145	84,770,000	118,500,000	492,200	10,663,000	1,695,000,000	2,370,000,000	14.8
1761-1780.....	20	20,705	652,740	72,320,000	145,000,000	414,100	13,055,000	1,426,000,000	2,900,000,000	14.8
1781-1800.....	20	17,790	879,060	61,280,000	195,300,000	355,800	17,581,000	1,226,000,000	3,906,000,000	15.1
1801-1810.....	10	17,778	894,150	61,240,000	198,700,000	177,800	8,942,000	612,000,000	1,987,000,000	15.6
1811-1820.....	10	11,445	540,770	39,420,000	120,200,000	114,400	5,408,000	394,000,000	1,202,000,000	15.5
1821-1830.....	10	14,216	596,450	48,970,000	102,300,000	142,200	4,606,000	490,000,000	1,023,000,000	15.8
1831-1840.....	10	20,289	450,560	69,900,000	132,500,000	202,900	5,964,000	699,000,000	1,325,000,000	15.7
1841-1850.....	10	54,759	780,415	188,600,000	173,400,000	547,600	7,804,000	1,886,000,000	1,734,000,000	15.8
1851-1855.....	5	197,515	886,115	680,300,000	196,900,000	987,600	4,431,000	3,402,000,000	985,000,000	15.4
1856-1860.....	5	206,058	904,990	709,800,000	201,100,000	1,030,000	4,525,000	3,549,000,000	1,006,000,000	15.3
1861-1865.....	5	185,123	1,101,150	637,600,000	244,700,000	925,600	5,506,000	3,188,000,000	1,223,000,000	15.4
1866-1870.....	5	191,900	1,339,085	661,000,000	297,600,000	959,500	6,695,000	3,305,000,000	1,488,000,000	15.6

1871-1875.....	5	170,675	1,969,425	588,000,000	437,600,000	853,400	9,847,000	2,940,000,000	2,188,000,000	16 0
1876.....	1	171,700	2,365,000	591,500,000	525,500,000	..	.....	.....	.....	17 80
1877.....	1	182,800	2,428,000	629,800,000	539,500,000	.....	.....	.....	.....	17 19
1878.....	1	183,700	2,603,000	632,600,000	578,300,000	.....	.....	.....	.....	17 96
1879.....	1	156,900	2,557,000	540,300,000	568,200,000	.....	.....	.....	.....	18 39
1876-1879.....	4	173,775	2,488,250	598,550,000	552,875,000	695,100	9,953,000	2,394,000,000	2,211,000,000	17 40
1493-1600.....	108	6,990	211,400	24,070,000	46,280,000	754,800	22,835,000	2,600,000,000	5,074,000,000	11 5
1601-1700.....	100	9,123	372,340	31,430,000	82,750,000	912,300	37,234,000	3,143,000,000	8,275,000,000	14 0
1701-1800.....	100	19,001	570,350	65,440,000	126,720,000	1,900,100	57,035,000	6,544,000,000	12,672,000,000	15 0
1801-1850.....	50	23,698	654,480	81,620,000	145,420,000	1,184,900	32,724,000	4,081,000,000	7,271,000,000	15 7
1851-1879.....	29	187,973	1,312,300	647,520,000	313,840,000	5,451,200	40,957,000	18,778,000,000	9,101,000,000	15 85
1493-1879.....	387			TOTAL PRODUCTION.....		10,203,300	190,785,000	35,146,000,000	42,393,000,000	

TABLE 2.—*Production of Gold and of Silver, since the Discovery of America, up to 1878, according to MR. ALEXANDER DEL MAR, M.E., formerly Director of the Statistical Department of the United States, London, 1880.*

Periods.	Number of Years.	ANNUAL AVERAGE PRODUCTION.						TOTAL PRODUCTION.			
		By Weight in Kilograms.			By Value in Francs.			By Weight in Kilograms.		By Value in Francs.	
		Fine Gold.	Fine Silver.	Kilog.	Gold.	Silver.	Francs.	Fine Gold.	Fine Silver.	Gold.	Silver.
1493-1580.....	88	3,000	98,400	Kilog.	Francs.	Francs.	Francs.	Kilog.	Kilog.	Francs.	Francs.
1581-1600.....	20	4,390	317,800		11,260,000	21,850,000	911,000,000	264,500	8,656,000	911,000,000	1,923,000,000
1601-1620.....	20	3,660	261,000		15,150,000	70,650,000	303,000,000	87,900	6,356,000	303,000,000	1,413,000,000
1621-1640.....	20	4,250	286,000		12,600,000	58,000,000	252,000,000	73,200	5,221,000	252,000,000	1,160,000,000
1641-1660.....	20	4,250	286,000		14,650,000	63,500,000	293,000,000	84,900	5,720,000	293,000,000	1,271,000,000
1661-1680.....	20	4,100	277,000		14,650,000	63,500,000	293,000,000	84,900	5,720,000	293,000,000	1,271,000,000
1681-1700.....	20	7,530	269,000		14,100,000	61,600,000	282,000,000	82,000	5,539,000	282,000,000	1,231,000,000
1701-1720.....	20	17,570	238,300		26,000,000	59,800,000	520,000,000	150,600	5,380,000	520,000,000	1,196,000,000
1721-1740.....	20	32,950	283,700		60,500,000	53,000,000	1,059,000,000	351,500	4,767,000	2,270,000,000	1,261,000,000
1741-1760.....	20	22,700	397,200		113,500,000	63,000,000	1,766,000,000	659,000	5,675,000	1,564,000,000	1,766,000,000
1761-1780.....	20	14,650	499,400		78,200,000	88,300,000	2,220,000,000	454,000	7,945,000	1,009,000,000	2,220,000,000
1781-1800.....	20	14,650	681,000		50,400,000	111,000,000	3,027,000,000	292,900	9,988,000	1,009,000,000	3,027,000,000
1801-1810.....	10	14,790	795,200		50,900,000	176,700,000	1,767,000,000	292,900	13,620,000	509,000,000	1,767,000,000
1811-1820.....	10	10,540	510,500		36,300,000	113,400,000	1,134,000,000	105,400	5,105,000	363,000,000	1,134,000,000
1821-1830.....	10	15,520	483,700		53,500,000	107,500,000	1,075,000,000	155,200	4,837,000	535,000,000	1,075,000,000
1831-1840.....	10	20,940	479,000		72,100,000	106,400,000	1,064,000,000	209,400	4,790,000	721,000,000	1,064,000,000
1841-1850.....	10	47,870	742,100		210,300,000	164,900,000	1,649,000,000	478,700	7,421,000	2,103,000,000	1,649,000,000
1851-1855.....	5	214,000	921,000		137,200,000	204,600,000	2,023,000,000	1,070,000	4,605,000	3,686,000,000	1,023,000,000
1856-1860.....	5	202,000	925,200		695,100,000	205,600,000	2,028,000,000	1,010,000	4,626,000	3,478,000,000	1,028,000,000
1861-1865.....	5	167,600	1,080,000		577,400,000	240,000,000	1,200,000,000	838,000	5,400,000	2,887,000,000	1,200,000,000
1866-1870.....	5	163,800	1,152,800		564,000,000	256,200,000	1,281,000,000	819,000	5,764,000	2,820,000,000	1,281,000,000
1871-1875.....	5	144,200	1,534,000		496,400,000	340,800,000	1,704,000,000	721,000	7,670,000	2,482,000,000	1,704,000,000
1876.....		131,800	1,725,000		454,000,000	383,000,000					
1877.....		141,300	1,669,000		487,200,000	371,000,000					

1878..	122,300	1,485,000	421,000,000	330,000,000	395,400	4,879,000	1,362,000,000	1,084,000,000
1876-1878..	131,800	1,626,000	454,000,000	361,000,000				
1493-1600..	108	3,260	11,200,000	30,200,000	352,400	15,012,000	1,214,000,000	3,336,000,000
1601-1700..	100	4,760	16,400,000	61,300,000	475,600	27,580,000	1,640,000,000	6,129,000,000
1701-1800..	100	20,500	70,600,000	93,300,000	2,050,300	41,995,000	7,063,000,000	9,333,000,000
1801-1850..	50	21,900	84,600,000	133,800,000	1,096,600	30,105,000	4,231,000,000	6,689,000,000
1851-1878..	28	173,300	597,000,000	261,400,400	4,853,400	32,944,000	16,715,000,000	7,320,000,000
1493-1878..	386		TOTAL PRODUCTION.....		8,828,300	147,636,000	30,863,000,000	32,807,000,000

TABLE 3.—*Production of Gold and of Silver according to the Estimate of MR. BURCHARD, Director of the Mint of the United States, Washington, 1880.*

Years.	By Weight in Kilograms.		By Value in Francs.	
	Fine Gold.	Fine Silver.	Gold.	Silver.
		Kilog.	Francs.	Francs.
1877.....	171,400	2,175,000	590,500,000	483,000,000
1878.....	179,100	2,326,000	616,900,000	517,000,000
1879.....	158,500	2,175,000	546,600,000	483,000,000

TABLE 4.—*Exportation of Australian Gold, including Tasmania and New Zealand (not including Intercolonial Transport of Gold), according to the "Statistical Abstracts."*

Financial Years.	Weight of Fine Gold in Kilograms.	Value of Gold Exported in Francs.
	Kilog.	Francs.
1-5 1850— 30-4 1851.....	6,570	22,600,000
1851— 1852.....	69,370	238,900,000
1852— 1853.....	76,200	262,500,000
1853— 1854.....	75,120	258,800,000
1854— 1855.....	81,040	279,200,000
1855— 1856.....	91,860	316,400,000
1856— 1857.....	82,960	285,800,000
1857— 1858.....	83,620	288,000,000
1858— 1859.....	85,240	293,600,000
1859— 1860.....	74,590	256,900,000
1860— 1861.....	79,930	275,300,000
1861— 1862.....	76,560	263,700,000
1862— 1863.....	83,980	289,300,000
1-5 1863— 30-4 1864.....	66,090	227,600,000
1-5 1864— 30-4 1865.....	69,810	240,500,000
1-5 1865— 30-4 1866.....	70,430	242,600,000
1-4 1866— 31-3 1867 (1 ¹ / ₂ months).....	64,420	221,500,000
1-4 1867— 31-3 1868.....	68,470	235,900,000
1868— 1869.....	76,030	261,900,000
1869— 1870.....	60,320	207,800,000
1870— 1871.....	55,690	191,800,000
1871— 1872.....	55,630	191,600,000
1872— 1873.....	68,610	236,300,000
1873— 1874.....	56,110	193,300,000
1874— 1875.....	50,890	175,300,000
1875— 1876.....	42,420	146,100,000
1876— 1877.....	55,650	191,700,000
1-4 1877— 31-3 1878.....	42,680	147,000,000
1-5 1850— 31-3 1878 for 28 Years, Total Exportation of Gold from Australia.....	1,870,290	6,441,900,000

SECTION III.

(Note presented by Dr. O. J. BROCH.

COMMERCE OF THE BRITISH INDIAN EMPIRE.

BY DR. O. J. BROCH.

Remittances to India by Indian Council Bills, importations, and exportations of the precious metals.

In India, a single silver standard: 1 rupee = 180 troy grains of silver of the standard of $\frac{1}{12}$.In the United Kingdom of Great Britain and Ireland a single gold standard: 12. sterling = $123\frac{1}{2}$ troy grains of gold of the standard of $\frac{1}{12}$.

Importation and exportation of merchandise.

One rupee contains 165 troy grains = 10 gr. 691 mgr. 95 of fine silver = 2 fr. 37.60 in comparison with the 5-franc piece.

One lakh of rupees = 100,000 rupees = 237,600 francs of silver in comparison with the 5-franc piece.

£1. sterling = $113\frac{1}{2}$ troy grains = 7 g. 322 mg. 39 of fine silver = 25 fr. 22.16 in comparison with the gold piece of 20 francs.

Financial Year.	Average Ratio of Gold to Silver in the London Market.	Corresponding Value of Rupees in Shillings and Pence.	Remittances to India by Indian Council Bills in Gold and Silver.					Exportation from India of Gold and Silver.			Surplus of Remittances to India in Lakhs of Rupees.	Merchandise.		
			Average Rate of the Bills in London.	Indian Council Bills sold in London.	Importation of Gold to India.	Importation of Silver to India.	Total Amount of Remittances in	Gold.	Silver.	Total in		Imports to India.	Exports from India.	Surplus of Exports.
		s. d.	s. d.	Lakhs of Rupees.	£ sterling.	Lakhs of Rupees.	Lakhs of Rupees.	£ sterling.	Lakhs of Rupees.	Lakhs.	Lakhs.	Lakhs of Rupees.	Lakhs of Rupees.	Lakhs of Rupees.
1855—1856.....	15.38	1 10 ¹ / ₂	2 — ¹ / ₄	147.4	2,508,353	879.3	1,277.5	2,108	59.8	60.0	1,217.5	1,394.5	2,304.0	909.5
1856—1857.....	15.28	1 10 ¹ / ₂	2 — ³ / ₁₆	279.9	2,176,002	1,223.8	1,721.3	84,788	116.4	124.9	1,596.4	1,419.5	2,534.0	1,114.5
1857—1858.....	15.30	1 10 ¹ / ₂	2 — ⁷ / ₁₆	61.4	2,830,084	1,298.5	1,642.9	47,011	77.6	82.3	1,560.6	1,527.5	2,746.0	1,218.5
1858—1859.....	15.33	1 10 ¹ / ₂	2 1 ¹ / ₁₆	2.4	4,437,334	838.0	1,284.1	10,886	65.1	66.2	1,217.9	2,173.0	2,986.0	813.0
1859—1860.....	15.20	1 11 ¹ / ₁₆	2 2	0.4	4,288,037	1,206.9	1,636.1	3,803	92.1	92.5	1,543.6	2,426.5	2,796.0	369.5
1860—1861.....	15.35	1 10 ¹ / ₂	2 2	0.1	4,242,441	643.5	1,067.8	9,872	110.7	111.6	956.2	2,349.4	3,297.0	947.6
1861—1862.....	15.48	1 10 ¹ / ₂	2 1 ⁷ / ₈	120.0	5,190,432	976.2	1,615.2	6,007	67.5	68.1	1,547.1	2,232.0	3,631.7	1,399.7
1862—1863.....	15.35	1 10 ¹ / ₂	1 11 ⁵ / ₁₆	666.4	6,881,569	1,362.7	2,717.3	33,410	107.7	111.1	2,606.2	2,263.2	4,786.0	2,522.8
1863—1864.....	15.38	1 10 ¹ / ₂	—	926.9	8,925,412	1,403.7	3,223.2	27,106	124.1	126.8	3,096.4	2,714.6	6,562.5	3,847.9
1864—1865.....	15.41	1 10 ¹ / ₂	—	700.9	9,875,032	1,148.3	2,836.7	35,068	141.0	144.5	2,692.2	2,815.1	6,802.7	3,987.6
1865—1866.....	15.45	1 10 ¹ / ₂	—	722.5	6,372,894	2,018.4	3,378.2	648,418	151.5	216.4	3,161.8	2,959.9	6,549.1	3,589.2
1866—1867 (11 mo.)	15.45	1 10 ¹ / ₂	—	579.5	4,581,472	865.5	1,903.2	739,144	169.2	243.1	1,660.1	2,701.5	4,186.0	1,484.5
1867—1868.....	15.45	1 10 ¹ / ₂	—	427.1	4,775,924	699.9	1,604.6	166,457	140.5	157.2	1,447.4	3,566.4	5,004.6	1,438.2
1868—1869.....	15.58	1 10 ¹ / ₂	—	382.5	5,176,976	99.97	1,898.1	17,624	137.8	139.6	1,758.5	3,593.2	5,231.6	1,638.5
1869—1870.....	15.59	1 10 ¹ / ₂	1 11 ¹ / ₄	720.0	5,690,400	826.4	2,115.5	98,283	94.4	104.2	2,011.3	3,288.0	5,247.1	1,959.1
1870—1871.....	15.58	1 10 ¹ / ₂	1 10 ¹ / ₂	901.0	2,782,574	266.2	1,445.5	500,453	172.0	222.1	1,223.4	3,446.9	5,533.6	2,086.7
1871—1872.....	15.55	1 10 ³ / ₁₆	1 11 ¹ / ₈	1,070.0	3,573,778	800.0	2,227.4	8,434	148.7	149.6	2,077.8	3,209.2	6,320.9	3,111.7
1872—1873.....	15.71	1 10 ⁵ / ₁₆	1 10 ³ / ₈	1,470.0	2,622,371	193.4	1,930.9	79,009	123.0	131.0	1,799.9	3,187.4	5,525.1	2,337.6
1873—1874.....	16.00	1 9 ¹ / ₂	1 10 ³ / ₈	1,427.0	1,648,807	414.4	2,011.2	266,169	169.2	196.6	1,814.6	3,382.0	5,499.6	2,117.6
1874—1875.....	16.28	1 9 ¹ / ₂	1 10 ³ / ₁₆	1,174.0	2,089,236	605.2	1,996.5	215,701	141.0	163.4	1,833.1	3,622.2	5,635.9	2,013.7
1875—1876.....	16.85	1 8 ¹ / ₂	1 9 ⁹ / ₁₆	1,377.9	1,836,381	346.4	1,920.9	1,527,000	470.2	225.0	1,695.9	3,889.2	5,809.2	1,920.0
1876—1877.....	17.56	1 7 ¹ / ₂	1 8 ¹ / ₂	1,485.8	1,443,711	999.2	2,648.1	1,110,000	110.0	233.1	2,231.1	3,744.1	6,101.4	2,357.3
1877—1878.....	17.37	1 8 ³ / ₁₆	1 8 ³ / ₁₆	1,166.6	1,578,927	1,577.7	2,919.5	2,359,000	163.3	439.3	2,686.4	4,146.4	6,522.2	2,375.8
1878—1879.....	18.33	1 7 ¹ / ₂	1 7 ¹ / ₂	1,656.5	1,963,149	559.9	2,446.1	.....	.....	192.9	2,006.8	3,656.6	6,089.4	2,432.8
1879—1880.....	18.18	1 1 ¹ / ₄	1 7 ¹ / ₁₆	1,835.0	2,050,392	960.5	3,035.4	.....	.....	.....	2,842.5	3,974.2	6,717.3	2,743.1
1855—1880.....	25 years.			19,201.2	99,541,688	23,111.9	52,503.2	7,996,000	3,152.8	4,218.5	48,284.7	73,682.5	124,418.9	50,736.4
								24 Years.		25 years.				

Years of the Indian Mutiny. The mutiny broke out on the 4th May, 1857, and only closed in July, 1859. This mutiny is the cause of the small number of Indian Council Bills drawn on India.

Years of the civil war in the United States. The War of Secession, breaking out on the 12th April, 1861, was the cause of the cotton famine in Europe, and of the considerable increase of Indian cotton.

The conversion of pound sterling in rupees has been made for the years 1855–1872, according to the proportions of—

	£1. ster.=10 rupees.
For the year 1872–1873	“ 10.2 “
“ 1873–1874	“ 10.3 “
“ 1874–1875	“ 10.4 “
“ 1875–1876	“ 10.7 “
“ 1876–1877	“ 11.3 “
“ 1877–1878	“ 11.1 “
“ 1878–1879	“ 11.7 “
“ 1879–1880	“ 11.7 “

Years of famine in the Southern and Western parts of India. During these years there were brought to the mint at Bombay, to be converted into rupees, silver ornaments to the value of—

In 1877–1878.....	124 lakhs of rupees.
In 1878–1879.....	116 “
In 1879–1880.....	92 “

Total..... 332 “
Say 79 millions of francs in silver.
[Or, 3,160,000L.]

ANNUAL AVERAGE in Periods of Five Years.

1855—1860.....	15.30	1 10 $\frac{1}{2}$	2 1 $\frac{1}{2}$	98.3	3,247,262	1,089.3	1,512.4	29,719	82.0	85.1	1,417.3	1,788.2	2,673.2	885.0
1860—1865.....	15.39	1 10 $\frac{1}{2}$	2 —	482.9	7,022,983	1,106.9	2,292.0	22,292	110.2	112.4	2,179.6	2,474.9	5,016.0	2,541.1
1865—1870.....	15.50	1 10 $\frac{1}{2}$	1 11 $\frac{1}{2}$	576.9	5,402,833	1,097.3	2,214.5	347,424	141.8	176.5	2,038.0	3,270.9	5,319.8	2,048.9
1870—1875.....	15.82	1 10 $\frac{1}{2}$	1 10 $\frac{1}{2}$	1,208.4	2,543,353	445.8	1,922.3	213,953	150.8	172.5	1,749.8	3,369.6	5,703.0	2,333.4
1875—1880.....	17.66	1 7 $\frac{1}{2}$	1 8 $\frac{1}{2}$	1,504.9	1,774,512	888.7	2,594.0	.....	.....	285.3	2,308.7	3,882.1	6,247.9	2,365.8
TOTAL in millions of Francs				4,586	2,510	5,491		202	749					
				In Silver.	In Gold.	In Silver.		In gold.	In silv'r.					
				25 Years.				24 Years.						

TABLE 5—*Production of Gold and Silver in the United States, according to the Estimate of the Director of the Washington Mint.*

Years ending 30th June.	By Weight in Kilograms.		By Value in Francs.	
	Fine Gold.	Fine Silver.	Gold.	Silver.
	Kilog.	Kilog.	Francs.	Francs.
1845.....	1,500	.....	5,200,000	.....
1846..	1,700	.....	5,700,000	.....
1847..	1,300	.....	4,600,000	.....
1848.....	15,000	.....	52,000,000	.....
1849.....	60,200	.....	207,000,000	.....
1850.....	75,200	.....	259,000,000	.....
1851.....	82,800	.....	285,000,000	.....
1852.....	90,300	.....	311,000,000	.....
1853.....	97,800	.....	337,000,000	.....
1854.....	90,300	.....	311,000,000	.....
1855.....	82,800	.....	285,000,000	.....
1856.....	82,800	.....	285,000,000	.....
1857.....	82,800	.....	285,000,000	.....
1858.....	75,200	12,000	259,000,000	2,700,000
1859.....	75,200	2,400	259,000,000	500,000
1860.....	69,200	3,600	238,000,000	800,000
1861.....	64,700	48,100	223,000,000	10,700,000
1862.....	59,000	108,300	203,000,000	24,000,000
1863.....	60,200	204,500	207,000,000	44,400,000
1864.....	69,400	264,600	239,000,000	58,800,000
1865.....	80,100	270,600	276,000,000	60,100,000
1866.....	80,500	240,600	277,000,000	53,500,000
1867.....	77,800	324,800	268,000,000	72,200,000
1868.....	72,200	288,700	249,000,000	64,100,000
1869.....	74,500	288,700	257,000,000	64,100,000
1870.....	75,200	384,900	259,000,000	85,500,000
1871.....	65,400	553,300	225,000,000	123,800,000
1872.....	54,200	691,600	187,000,000	153,700,000
1873.....	54,200	860,000	187,000,000	191,100,000
1874.....	60,200	769,800	207,000,000	171,000,000
1875.....	60,200	769,800	207,000,000	171,000,000
1876.....	66,700	998,300	230,000,000	219,400,000
1877.....	67,900	937,000	234,000,000	208,200,000
1878.....	71,100	1,124,000	245,000,000	249,800,000
1879.....	58,500	981,800	202,000,000	218,200,000
1880.....	54,200	906,900	187,000,000	201,500,000
Total Production (36 Years for Gold, 23 Years for Silver) ..	2,310,300	11,034,300	7,957,000,000	2,410,400,000

SECTION IV.

TABLE OF THE PRICE OF CEREALS AT THE MARKETS OF COPENHAGEN, HAMBURG, BERLIN, LONDON, AND IN FRANCE,

BY DR. O. J. BROCH.

TABLE 1.—*The Copenhagen Market.*

Average price of Cereals in the Diocese of Sjælland (Denmark), according to a memorandum of M. W. SCHARLING, Professor of Political Economy at the University of Copenhagen, up to 1869, and according to the Official Statistics of the Kingdom of Denmark for the last 10 years.

The prices are reduced by M. W. SCHARLING to silver, and expressed in rigsdalers per tönne. They are reduced into francs per hectolitre, according to the following ratios: 1 tönne=1 h 39; 1 rigsdaler=2 fr. 80 cent. In the Official Statistics the prices are given in crowns per "tönne," and reduced according to the proportion of 72 crowns for 100 francs in gold.

AVERAGE PRICE IN FRANCS PER HECTOLITRE.

Periods.	Rye.	Barley.	Oats.	Years.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.		Fr. c.	Fr. c.	Fr. c.
1601-1610.....	5 81	5 05	.....	1850.....	7 98	7 12	5 03
1611-1620.....	5 90	5 56	.....	1851.....	11 87	8 02	5 56
1621-1630.....	10 15	7 12	.....	1852.....	10 57	8 63	5 35
1631-1640.....	7 67	6 23	3 54	1853.....	19 04	12 11	8 15
1641-1650.....	8 38	6 61	3 50	1854.....	13 16	10 03	7 62
1651-1660.....	7 08	6 09	2 94	1855.....	19 37	13 77	9 73
1661-1670.....	7 54	6 06	3 56	1856.....	12 88	11 67	7 89
1671-1680.....	7 10	5 50	3 77	1857.....	10 38	9 98	7 79
1681-1690.....	6 74	5 31	3 20	1858.....	9 68	8 85	6 57
1691-1700.....	8 76	6 13	3 73	1859.....	10 26	9 79	6 68
1701-1710.....	7 03	5 17	2 86	1860.....	11 56	10 61	6 84
1711-1720.....	7 41	5 52	3 28	1861.....	14 76	10 72	6 91
1721-1730.....	6 49	4 86	2 82	1862.....	11 44	9 29	6 48
1731-1740.....	6 27	4 80	2 51	1863.....	9 43	7 85	5 35
1741-1750.....	7 08	4 63	2 74	1864.....	11 29	9 14	7 45
1751-1760.....	7 22	5 28	3 45	1865.....	13 24	10 36	8 13
1761-1770.....	9 14	6 09	3 50	1866.....	12 57	12 30	7 75
1771-1780.....	8 97	5 94	3 71	1867.....	19 24	13 62	9 43
1781-1790.....	9 86	7 64	4 95	1868.....	15 77	14 72	10 76
1791-1800.....	11 46	7 81	5 37	1869.....	10 95	9 37	6 61
1801-1810.....	17 03	9 77	6 61	1870.....	12 52	10 97	7 66
1811-1818.....	The prices of the paper currency have been so variable, that it has been impossible to fix the average price in silver.			1871.....	13 97	11 89	7 81
				1872.....	13 39	12 85	7 89
				1873.....	16 47	14 22	9 40
				1874.....	14 43	14 00	10 28
				1875.....	13 69	13 17	9 62
				1876.....	14 46	13 45	10 08
				1877.....	12 30	12 78	8 26
1819-1830.....	6 65	4 76	3 47	1878.....	11 05	11 29	7 08
1831-1840.....	8 15	5 92	4 21	1879.....	12 35	12 18	7 48
1841-1850.....	9 35	7 12	5 03				
1851-1860.....	12 87	10 34	7 22				
1861-1870.....	13 12	10 84	7 66				
1871-1879.....	13 57	12 87	8 66				
1819-1850.....	8 01	5 90	4 21				
1851-1879.....	13 16	11 30	7 81				

TABLE 2.—*The Hamburg Market, Stock Exchange, January, 1880.*

AVERAGE PRICES IN FRANCS PER 100 KILOGRAMMES, AT THE BEGINNING OF THE FOLLOWING YEARS.

Years.	Wheat.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.	Fr. c.
1 January 1826	11 11	7 65	6 67	5 62
" 1827	15 68	15 00	11 67	15 25
" 1828	14 32	12 72	9 20	7 72
" 1829	28 45	13 64	13 09	10 31
" 1830	17 10	10 99	8 76	9 14
" 1831	25 62	16 79	13 08	11 27
" 1832	20 37	15 99	11 73	9 14
" 1833	14 14	11 54	9 44	8 09
" 1834	12 84	10 68	7 96	7 04
" 1835	12 04	11 42	9 07	7 96
" 1836	11 91	10 49	9 38	7 28
" 1837	15 43	12 72	10 80	10 06
" 1838	14 94	11 85	8 52	7 96
" 1839	29 08	17 47	13 70	12 10
" 1840	23 08	13 70	13 39	11 42
" 1841	18 15	19 26	10 69	11 11
" 1842	24 93	15 93	10 49	9 51
" 1843	18 64	16 05	11 23	10 56
" 1844	19 51	13 95	11 33	11 23
" 1845	16 23	11 48	12 16	10 00
" 1846	23 58	17 65	12 35	12 28
" 1847	27 59	24 38	19 94	16 48
" 1848	24 20	15 86	13 33	12 04
" 1849	18 09	10 25	11 05	7 59
" 1850	17 96	10 37	10 06	7 96
" 1851	18 15	14 26	11 91	11 05
" 1852	19 51	19 14	14 38	11 30
" 1853	21 54	16 54	15 00	12 65
" 1854	33 27	28 27	21 17	18 33
" 1855	31 54	22 41	18 09	15 62
" 1856	37 84	31 23	22 58	18 89
" 1857	25 93	17 41	18 09	14 20
" 1858	21 30	16 02	15 46	16 75
" 1859	22 47	16 76	15 27	17 13
" 1860	24 26	18 52	19 44	17 41
" 1861	28 80	19 07	22 41	17 59
" 1862	31 30	22 50	17 22	17 50
" 1863	25 28	18 80	15 37	14 35
" 1864	20 19	14 72	16 11	14 81
" 1865	18 89	13 33	14 44	13 80
" 1866	25 66	20 09	22 04	19 91
" 1867	32 04	21 95	26 20	18 24
" 1868	35 93	30 65	25 00	20 83
" 1869	26 20	21 85	27 59	21 48
" 1870	22 96	17 04	21 02	16 11
" 1871	27 78	20 46	21 30	18 98
" 1872	30 93	21 85	26 39	18 33
" 1873	31 98	25 93	28 40	20 99
" 1874	23 95	21 60	26 23	23 08
" 1875	23 95	21 23	25 93	23 08
" 1876	25 43	20 99	24 17	21 30
" 1877	28 64	23 76	24 07	21 67
" 1878	27 47	20 68	25 93	20 68
" 1879	21 91	16 05	24 69	16 17
" 1880	28 95	22 35	25 62	17 90
1826-1830	17 33	12 00	9 88	9 61
1831-1835	17 00	13 28	10 25	8 70
1836-1840	18 89	13 25	10 36	9 76
1841-1845	19 49	15 33	11 26	10 58
1846-1850	22 28	15 69	13 35	13 27
1851-1855	24 80	20 12	16 11	13 79
1856-1860	26 36	19 99	18 16	16 88
1861-1865	24 89	17 68	17 11	15 61
1866-1870	28 56	22 32	24 37	19 31
1871-1875	27 72	22 21	25 65	20 89
1876-1880	26 48	20 76	24 20	19 54

TABLE 3.—*Berlin Market.*

1 hectolitre on an average = 75 kilogrammes.

PRICE OF RYE TO BE DELIVERED NEXT SPRING.

Years.	Price of 100 Kilogrammes in Francs.	Price per Hectolitre in Francs.
	Fr. c.	Fr. c.
1 January, 1859.....	18 57	13 93
" 1860.....	17 36	13 02
" 1861.....	18 31	13 73
" 1862.....	19 24	14 43
" 1863.....	16 27	12 58
" 1864.....	13 59	10 19
" 1865.....	12 66	9 50
" 1866.....	18 84	14 13
" 1867.....	19 93	14 95
" 1868.....	27 32	20 49
" 1869.....	18 61	13 96
" 1870.....	16 50	12 38
" 1871.....	19 93	14 95
" 1872.....	20 96	15 72
" 1873.....	20 85	15 64
" 1874.....	23 61	17 71
" 1875.....	18 49	13 87
" 1876.....	19 29	14 47
" 1877.....	20 52	15 39
" 1878.....	17 62	13 22
" 1879.....	15 01	11 26
" 1880.....	21 59	16 19
" 1881.....	24 64	18 48
1859-1860.....	17 96	13 47
1860-1865.....	16 11	12 09
1866-1870.....	20 24	15 18
1871-1875.....	20 77	15 58
1876-1880.....	18 81	14 11

TABLE 4.—*France.*

Official Statistics of France.

AVERAGE PRICE OF THE HECTOLITRE OF WHEAT.

Years.	Price of the Hectolitre of Wheat.	Years.	Price of the Hectolitre of Wheat.
	Fr. c.		Fr. c.
1821.....	17 79	1828.....	22 03
1822.....	15 49	1829.....	22 59
1823.....	17 52	1830.....	22 39
1824.....	16 22	1831.....	22 10
1825.....	15 74	1832.....	21 85
1826.....	15 85	1833.....	15 62
1827.....	18 20	1834.....	15 25

TABLE 4.—*France.*—Continued.

Years.	Price of the Hectolitre of Wheat.	Years.	Price of the Hectolitre of Wheat.
	Fr. c.		Fr. c.
1835.....	15 25	1858.....	16 75
1836.....	17 32	1859.....	16 74
1837.....	18 53	1860.....	20 24
1838.....	19 31	1861.....	24 55
1839.....	22 14	1862.....	23 24
1840.....	21 84	1863.....	19 78
1841.....	18 54	1864.....	17 58
1842.....	19 55	1865.....	16 41
1843.....	20 46	1866.....	19 61
1844.....	19 75	1867.....	26 19
1845.....	19 75	1868.....	26 64
1846.....	24 05	1869.....	20 33
1847.....	29 01	1870.....	.....
1848.....	16 05	1871.....	25 65
1849.....	15 37	1872.....	23 15
1850.....	14 32	1873.....	25 62
1851.....	14 48	1874.....	25 11
1852.....	17 23	1875.....	19 32
1853.....	22 39	1876.....	20 59
1854.....	28 82	1877.....	23 44
1855.....	30 32	1878.....	23 00
1856.....	30 75	1879.....	21 98
1857.....	24 34		

Quinquennial Periods.	Average Price.	Quinquennial Periods.	Average Price.
	Fr. c.		Fr. c.
1821-1825.....	16 55	1851-1855.....	22 65
1826-1830.....	20 21	1856-1860.....	19 76
1831-1835.....	18 01	1861-1865.....	20 31
1836-1840.....	19 33	1866-1870.....	23 19
1841-1845.....	19 61	1871-1875.....	23 77
1846-1850.....	19 76	1876-1879.....	22 25

TABLE 5.—*London Market.*

("The Economist," 1st March, 1875, and 13th May, 1880.)

1 quarter=2.908 hectolitres. 1 liv. st.=20s. 91=240d.=25f. 22c. 16.

AVERAGE PRICE OF HOME-GROWN WHEAT.

Years.	Price per Quarter.		Price per Hecto-litre.		Years.	Price per Quarter.		Price per Hecto-litre.		Years.	Price per Quarter.		Price per Hecto-litre.	
	s.	d.	Fr.	c.		s.	d.	Fr.	c.		s.	d.	Fr.	c.
1781.....	46	1	19	95	1815.....	65	7	28	43	1848.....	50	6	21	90
1782.....	49	3	21	36	1816.....	78	6	34	04	1849.....	44	3	19	19
1783.....	54	3	23	53	1817.....	96	11	42	03	1850.....	40	3	17	45
1784.....	50	4	21	83	1818.....	86	3	37	40	1851.....	38	7	16	73
1785.....	43	1	18	68	1819.....	74	6	32	31	1852.....	41	-	17	78
1786.....	40	-	17	35	1820.....	67	10	29	42	1853.....	53	-	22	98
1787.....	42	5	18	39	1821.....	56	1	24	32	1854.....	72	7	31	48
1788.....	46	4	20	09	1822.....	44	7	19	33	1855.....	74	9	32	09
1789.....	52	9	22	88	1823.....	53	4	23	13	1856.....	69	2	30	00
1790.....	54	9	23	74	1824.....	63	11	27	72	1857.....	56	5	24	47
1791.....	48	7	21	07	1825.....	68	6	29	71	1858.....	44	4	19	23
1792.....	43	-	18	65	1826.....	58	8	25	44	1859.....	43	9	18	97
1793.....	49	3	21	25	1827.....	58	6	25	37	1860.....	53	1	23	02
1794.....	52	3	22	55	1828.....	60	5	26	20	1861.....	55	6	24	07
1795.....	75	2	32	60	1829.....	66	3	28	73	1862.....	55	5	24	03
1796.....	78	7	34	08	1830.....	64	3	27	86	1863.....	42	9	18	54
1797.....	53	9	23	31	1831.....	66	4	28	77	1864.....	40	-	17	35
1798.....	51	10	22	48	1832.....	58	8	25	44	1865.....	41	10	18	14
1799.....	69	-	29	29	1833.....	52	11	22	95	1866.....	49	11	21	65
1800.....	113	10	49	37	1834.....	46	2	20	02	1867.....	64	6	27	97
1801.....	119	6	51	82	1835.....	39	4	17	06	1868.....	63	9	27	65
1802.....	69	10	30	28	1836.....	48	6	21	03	1869.....	48	3	21	02
1803.....	58	10	25	51	1837.....	55	10	24	21	1870.....	46	10	20	31
1804.....	62	3	27	00	1838.....	64	7	28	01	1861.....	56	8	24	57
1805.....	49	9	21	58	1839.....	70	8	30	65	1872.....	57	1	24	76
1806.....	59	1	25	62	1840.....	66	4	28	77	1873.....	58	8	25	44
1807.....	75	4	32	67	1841.....	64	4	27	90	1874.....	55	10	24	21
1808.....	81	4	35	27	1842.....	57	3	24	83	1875.....	45	3	19	62
1809.....	97	4	42	21	1843.....	50	1	21	72	1876.....	46	3	20	06
1810.....	106	5	46	15	1844.....	51	3	22	23	1877.....	56	10	24	65
1811.....	95	3	41	31	1845.....	50	10	22	04	1878.....	46	5	20	13
1812.....	126	6	54	86	1846.....	54	8	23	71	1879.....	39	7	17	17
1813.....	109	9	47	60	1847.....	69	9	30	25	1880.....	46	11	20	35
1814.....	74	4	32	24										

AVERAGE PRICE FOR QUINQUENNIAL PERIODS.

1781-1785...	48	7	21	07	1826-1830.	61	7	26	72	1866-1870.	54	8	23	72
1786-1790...	47	3	20	49	1831-1835.	52	8	22	85	1871-1875.	54	8	23	72
1791-1795...	53	8	23	22	1836-1840.	61	2	26	53	1876-1880.	47	2	20	47
1796-1800...	73	5	31	70	1841-1845.	54	9	23	74					
1801-1805...	72	-	31	24	1846-1850.	51	11	22	50	1781-1800.	55	9	24	12
1806-1810...	83	11	36	38	1851-1855.	56	-	24	21	1801-1820.	82	9	35	89
1811-1815...	94	3	40	89	1856-1860.	53	4	23	14	1821-1848.	57	7	24	98
1816-1820...	80	10	35	04	1861-1865.	47	1	20	43	1848-1880.	51	7	22	35
1821-1825...	57	3	24	84										

On the 27th February, 1797, the Bank of London was forbidden by an order to cash its notes. Notes continued to be inconvertible until 1820. At the beginning of this period of enforced currency, bank notes remained nearly at par, but from 1800 to 1809 they were only worth 90 to 97 per cent. of gold, and in 1814 the price was 80 per cent. in proportion to gold. From 1818 they were nearly at par, and in 1820 the bank began again to cash them in gold.

Custom duties on cereals have been abolished since 1848.

SECTION V.

STATEMENT OF THE SCANDINAVIAN COINAGE SYSTEM, AND OF THE MINTAGE OF COINS IN THE SCANDINAVIAN MONETARY UNION, IN PURSUANCE OF THE TREATIES OF OCTOBER 18, 1872, AND MAY 27, 1873.

THE SCANDINAVIAN COINAGE SYSTEM. By DR. O. J. BROCH.

The three Scandinavian kingdoms, Norway, Sweden, and Denmark, have concluded between them a monetary treaty, based upon the employment of the single gold standard, and on a common system of money of account; gold moneys, and fractional moneys in token silver and in bronze.

The monetary unit is expressed by the *Krone* (crown), divided into 100 *öre*.

The gold coins are of the standard of nine-tenths, that is to say, of nine parts gold with one part copper.

Two kinds of gold money are coined, those of 20 crowns and those of 10 crowns—124 pieces of 20 crowns, or 248 pieces of 10 crowns—are made out of a kilogramme of fine gold.

The weight of these pieces should, therefore, be, respectively, $\frac{1000}{124} \times \frac{10}{9} = 8.96057$ grammes, and 4.40829 grammes.

Of fractional pieces there may be coined pieces of two crowns, one crown, 50, 40, 25, and 10 *öre*. The following table gives the fineness, the gross weight, the net weight in fine gold or fine silver; lastly, the diameter of all these coins.

Metal.	Value of the Coins.	Fineness.	Gross Weight in Grammes.	Amount of Pure Gold or Silver in Grammes.	Diameter in Millimeters.
Gold.....	{ 20 kr.	{ 0.9	8.9606	8.06452	23
	{ 10 kr.		4.4803	4.03226	18
	{ 2 kr.	{ 0.8	15.000	12.000	31
Silver.....	{ 1 kr.		7.500	6.000	25
	{ 50 öre.	{ 0.6	5.000	3.000	22
	{ 40 öre.		4.000	2.400	20
	{ 25 öre.		2.420	1.452	17
	{ 10 öre.	{ 0.4	1.450	0.580	15
Bronze.....	{ 5 öre.	{ 95 copper. 4 tin. 1 zinc.	8.000	.....	27
	{ 2 öre.		4.000	.....	21
	{ 1 öre.		2.000	.....	16

The tolerance of fineness for the coinage of the gold coins is 0.0015; for weight, 0.0015 for the piece of 20 crowns, and 0.002 for the piece of 10 crowns. But besides this, no 10 kilogrammes of gold coins (1,116 pieces of 20 crowns or 2,232 pieces of 10 crowns) must differ more than five grammes from the standard weight; there is thus an average tolerable in addition which does not exceed the limit of 0.0005.

The gold coins cease to be legal tender between private individuals when they shall have lost by wear more than half per cent of their weight, but as long as by wear they shall not have lost more than two per cent. of their legal weight, they are not only legal tender in Government offices, but each of the contracting States is bound to exchange the pieces worn more than half per cent. for such gold coins as have legal currency between private individuals. In Norway and in Denmark special laws bind the State to receive and exchange for good coins

all gold coins of their imprint which shall have lost by wear any proportion of their weight greater than half per cent. In Norway the National Bank is charged with the duty of weighing every piece of money which passes through its hands, and sending back to the State every coin which has lost more than half per cent. of its legal weight.

The coins which have been fraudulently diminished in weight cease to have legal currency.

The coinage is carried on exclusively at the mints, at Stockholm for Sweden, at Kongsberg for Norway, at Copenhagen for Denmark. It is done by the functionaries of the State, and the treaty forbids its being left to contractors.

Any person who brings to the mint gold whose quantity, fineness, and other qualities answer to certain conditions, has the right of having it coined on paying a quarter per cent. for the pieces of 20 crowns, and one third per cent. for the pieces of 10 crowns. No seigniorage can be demanded beyond this price of coinage.

In Norway, the National Bank is bound by a special law to buy every bar of gold whose fineness is certified in a satisfactory way, paying 2,480 crowns for the kilogramme of fine gold, after deduction of a quarter per cent. for cost of coinage; the kilogramme of fine gold is, therefore, exchangeable at the Bank at any time for 2,473 crowns 80 öre. In Norway, in consequence of this arrangement, the Bank alone, in practice, has gold money coined.

The fractional pieces of silver or bronze are considered as legal payment only to the amount of 20 crowns for the two-crown and one-crown pieces; only to the amount of five crowns for the smaller coins of silver; and only to the amount of one crown for bronze money. In each of the three States public treasuries are established, where any amount of fractional money, which is a multiple of 10 crowns, can be exchanged for gold money.

The coinage of fractional pieces of silver and bronze can be carried on only on government account. The monetary treaty places no limit on this coinage.

All coins in gold, silver, and bronze, coined by virtue of the monetary treaty, are legal tender in the three kingdoms under the above-stated conditions.

TABLE OF THE MINTAGE OF COINS IN THE SCANDINAVIAN MONETARY UNION, UP TO DECEMBER 31, 1880.

100 francs in gold = 72 Scandinavian kroner (crowns) = 81 German marks.

Designation of the Coins.	Denmark.	Sweden.	Norway.	Scandinavian Monetary Union.
	Kroner öre.	Kroner öre.	Kroner öre.	Kroner öre.
Gold { 20 kr.....	30,086,120 00	31,746,100 00	12,686,480 00	74,518,700 00
{ 10 kr.....	4,668,520 00	7,126,340 00	441,130 00	12,235,990 00
Total.....	34,754,640 00	38,872,440 00	13,127,610 00	86,754,690 00
Silver { 2 kr.....	9,753,950 00	1,718,658 00	600,000 00	12,072,608 00
{ 1 kr.....	5,323,527 00	6,850,297 00	1,800,000 00	13,973,824 00
{ 50 öre.....	2,034,625 00	1,281,938 50	800,000 00	2,081,938 50
{ 25 öre.....	1,036,127 80	2,072,255 75	800,000 00	4,906,880 75
{ 10 öre.....		704,410 00	740,500 00	2,481,037 80
Total.....	18,148,229 80	12,627,559 25	4,740,500 00	35,516,289 05
Bronze.....Total.....	545,038 48	540,865 97	320,000 00	1,405,904 45
Total Mintage.....	53,447,908 28	52,040,865 22	18,188,110 00	123,676,883 50

The total mintage, therefore, of fractional tokens of silver and of bronze in the Scandinavian Monetary Union, is for 36,922,193 kr. 50 öre = 51,280,824 francs, or per capita: 4 kr. 34 öre = 6 francs 03 centimes.

THIRD SESSION.

THIRD SESSION

THIRD SESSION.

SATURDAY, *May 7th*, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,

Belgium,

Denmark,

Germany,

Great Britain, British India, and Canada,

Greece,

Italy,

The Netherlands,

Portugal,

Russia,

Spain,

Sweden,

Norway,

Switzerland,

The United States of America, and of

France,

who attended the previous Session.

The Session began at 2.30 P. M.

The minutes of the previous Session were read and adopted.

The chief DELEGATE OF THE NETHERLANDS, on his own behalf and that of all his foreign colleagues, expressed a wish that the Monetary Conference should be allowed to pay its respects to the President of the French Republic.

THE PRESIDENT replied that he would at once convey to the President of the Republic the expression of the desire evinced by the Conference. He had no doubt that the President of the Republic would be happy to receive the Delegates.

MR. DENORMANDIE invited the Conference to visit the Bank of France.

This offer was cordially accepted, and the visit fixed for Monday, the 9th May.

THE DELEGATE OF PORTUGAL communicated to the Conference a note on the monetary system of Portugal, the manufacture of coin in that country, and the monetary situation of the Portuguese Colonies.¹

MR. CERNUSCHI, Delegate of France, laid on the table of the Conference, as the complement to the suggestion made by him at the last Session respecting the reimbursement of the 96 millions of marks lost by Germany, the following proposition:

“The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st January 1874.

“To state the quantities of silver converted either into coin with unlimited legal tender, into coin with limited legal tender, or into coin current outside the State manufacturing it.

“The cost, to each State, of the metal which served to manufacture these different coins.

“The additional sum which must have been expended in buying the silver thus minted, if bimetallism, at $15\frac{1}{2}$, had been in force, that is to say, if silver had still been worth $60\frac{1}{16}d.$ per English ounce, $\frac{3}{40}$ fine.

“The total amount of the profit realized by the State, by buying silver at prices below $60\frac{1}{16}d.$

“To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the ingots for mintage.

“To indicate, if possible, the source of the ingots by the marks they bore.

“To indicate whether old demonetized coins have been reminted, and to what amount.

¹See Exhibit A., p. 95.

“To indicate whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves or to the State.

“The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin was coined.

“The German Government is requested to state at what date it ceased coining double thalers.

“The French Government is requested to obtain official information on the mintage of silver in Roumania, Servia, Montenegro, and Bulgaria.”

The Conference resolved that this proposition should be printed and distributed, in order that the Delegates might communicate it to their respective Governments.

MR. CERNUSCHI asked whether the German Government would not deem it expedient to withdraw, *en bloc*, from circulation all the thalers which were now neither salable nor fit to be melted down, and to substitute State notes in their place. This operation, which might be very rapidly effected, would have the twofold advantage of preventing any clandestine mintage of thalers, and of ascertaining the exact importance of the stock of silver existing in Germany.

The chief DELEGATE OF GERMANY replied, that his instructions did not allow him to transmit to his Government, either officially or even informally, the proposal just made by Mr. Cernuschi, but the Berlin Cabinet would, of course, have cognizance of it through the insertion of the question in the minutes. Personally, Baron Thielmann did not think that if the operation proposed by Mr. Cernuschi were effected in Germany it could be carried out at a very early date. He remarked, moreover, that but slight uncertainty really existed as to the importance of the stock of thalers still in circulation in the German Empire. The estimates differed but little; they varied between 410 and 500 millions of marks, and the Conference might consider the average of 450 or 460 millions of marks as very near the truth.

MR. CERNUSCHI remarked, that by now completing the with-

drawal of the thalers from circulation, either in order to sell them or to convert them into marks, the German Government would merely hasten the inevitable conclusion of its monetary reform, for the creation of the mark logically and necessarily involved the disappearance of the thaler, as German money, at a more or less distant time.

The chief DELEGATE OF GERMANY replied, that the German monetary reform certainly did not appear to have been made with the idea of indefinitely retaining the existing stock of thalers, but, he added, that the date at which these thalers should be demonetized, or recoinced, could not be foreseen.

THE PRESIDENT declared the matter at an end.

MR. DANA HORTON announced his intention of asking the Delegates for information, first, as to the movement of gold, and the quantities of gold, coined or uncoined, existing in each of the countries represented at the Conference; secondly, as to the general averages of prices of the chief articles of merchandise in the same States in the last fifteen or twenty years.

After remarks from Mr. Pirmez and Mr. de Thoerner, it was agreed that Mr. Dana Horton should draw up a special interrogatory, which would be printed, and distributed to all the members of the Conference.

MR. DANA HORTON asked for an explanation of a passage in the declaration read at the preceding session by Baron Von Thielmann on behalf of the German Government. That passage was in these terms: "We unreservedly acknowledge that a rehabilitation of silver is to be desired, and that it might be arrived at through the re-establishment of the free mintage of silver in a certain number of the most populous States represented at this Conference, who, for that purpose, would take for a basis a fixed ratio between the value of gold and that of silver."

Now, among the "most populous States represented at this Conference," it was difficult not to include that country which reckoned the largest number of inhabitants, viz., England, with her Indian Empire. It would, therefore, be interesting to know in what degree England's attitude might have been the cause of the reserve shown by Germany in her proposals, and whether it might be hoped that if England made some concessions, Germany, in turn, would be disposed to enlarge her own.

The chief DELEGATE OF GERMANY replied, that England's attitude had certainly been of some importance in deciding the plans of the Imperial Government, for not only had Germany a very considerable direct trade, and greatly developed financial relations with England, but she settled by bills on London a great part of her Transatlantic and Asiatic commerce. It was, therefore, important to the German Government to retain a monetary system similar to that of England.

The order of the day called for a resumption of the general discussion.

MR. PIERSON, Delegate of the Netherlands, read the following address:

I rise to reply to a portion of the speech of our learned colleague, Dr. Broch. I much admired the clearness and profoundness of the arguments of the honorable Delegate, who especially endeavored to demonstrate the inconveniences of the bimetallic system. Those inconveniences I do not altogether deny. Assuredly, the double standard system is not a perfect system; if there are any who think it is, they are mistaken; but, it seems to me, that a system is not condemned when you have succeeded in proving that it lacks perfection. We should vainly seek for a monetary system not open to criticism on some point or other. That, however, is not the way to proceed in order to form an opinion either on bimetallism or monometallism. The question is not which of those systems is perfect, but whether the inconveniences attached to one are greater than those attached to the other. In short, the comparative method is what must be applied to this matter, and I hope I am not wanting in the consideration due to our honorable colleague in venturing to say that in this respect there was an hiatus in his address. This vacant space I shall endeavor to fill up. I shall begin by explaining what, in my opinion, are the chief disadvantages of the present monetary state of the world, and the dangers it offers. We shall then see whether the inconveniences to which bimetallism exposes us are equally great.

Let us first take the limping-standard countries; they are numerous. The limping-standard (*étalon boiteux*) exists wherever the mintage of gold coins is free, but where by their side silver coins circulate as unlimited legal tender for a value much above their intrinsic value. The Latin Union is in this condition; so, also, are Germany and Holland. What is the result? The result in the first place is, that the stocks of banks of issue in these countries

are partly, even in great part, composed of coins worth much less abroad than within the frontiers. In France, a silver 5-franc piece is equivalent to a quarter of a 20-franc gold piece; in England that same piece is worth, in gold, only about 4 francs 25 centimes. Is this a state of things which can last? We have among us several bank directors. I appeal to their experience, to their special knowledge in this matter, to tell us. For myself, as one of the directors of a bank in the very condition I have just described, I say publicly, No, this can not last, it must be changed. The metallic stock of a bank must be entirely composed of coins worth their weight in silver or in gold; in one word, the specie serving to cover the notes issued must have no artificial value. But this artificial value now possessed by silver coins in the limping-standard countries presents another danger. Make a small calculation. Imagine that silver ingots are bought and turned either into crowns, thalers, or florins, not pieces of defective weight or fineness, but coins perfectly conformable to legal prescriptions. Do you know how much will be gained by this proceeding? Not less than 18 per cent. Deduct 1, deduct 3 per cent. for costs of mintage, and there will still remain a handsome profit. And do you think this operation is difficult? Ask those who have considered the subject. They will explain to you the very simple procedure by means of which counterfeiting is possible.

You ask me, "But how is it that this procedure has never been employed for imitating fractional money?" The reply is easy.

Fractional money can not be given in payment, except to a certain amount fixed by law; any one, therefore, manufacturing a great quantity would not know what to do with it. By issuing it in considerable quantities he would speedily excite attention, and the fraud would soon be discovered. But any one offering a hundred thousand pieces of $2\frac{1}{2}$ florins to the Netherlands Bank in exchange for notes, does nothing which in itself can occasion surprise. That happens, I will not say daily, but so frequently, that it would not attract attention. I should, moreover, add that the counterfeiting of fractional money is not altogether an unknown thing; instances of it might be cited.

Now, this clandestine mintage of silver coins I regard as one of the great dangers of the monetary situation of limping-standard countries. If the evil has not as yet manifested itself, thank God! for really our wisdom stands for nothing in it. It will happen some day; at least, I fear so. When once a coin having full legal tender possesses a value far exceeding its intrinsic value, the danger

I have just indicated exists, and I do not hesitate to say that a monetary circulation largely composed of such coins is an abnormal state of affairs, in direct contradiction with the best known and most generally accepted rules.

I will speak, in the second place, of the single gold standard countries. It is generally believed that their position leaves nothing to be desired, and it is certainly much preferable to that of the countries we were just now considering. If, however, you imagine that all is there for the best, in the best of worlds, you are, in my view, mistaken. Let us look a little to the facts.

Our honorable colleague, Mr. Fremantle, told us, the day before yesterday, that the United Kingdom system, as established in 1816, has satisfied all the country's requirements without giving rise to the inconveniences which have been manifested elsewhere, and under other systems. Let us admit that this is the case; let us agree that the British system has worked admirably. I ask you why it has worked so well? Is it owing to his own virtues? Not in the slightest; it has worked well because it had by its side another system, serving as its buttress when its inherent weaknesses were about to come to light. The single gold standard triumphantly went through a terrible crisis, merely because it was not the only system in force.

The bimetallism of the Latin Union has simply saved England from great embarrassments, in which, but for its existence, she would have found herself overcome. It is needless to remind you of the facts. The annual production of gold, which in the first half of our century amounted only to 80 millions of francs, suddenly rose to 600 or 700 hundred millions of francs, and an enormous depreciation of gold seemed imminent. That depreciation, however, did not take place.

The value of gold certainly fell, but in nothing like the degree apprehended at that time. The reason was that France, having the double standard, coined, from 1848 to 1866, 5,700 millions of gold, while exporting the silver which those mintages made superfluous. France thus served as a parachute to the depreciation of the metal whose production had increased to so enormous an extent. I have one question to submit to our honorable colleagues, the English Delegates. I wish to know what, in their opinion, would have been the influence of the gold discoveries in Australia and America on the value of the sovereign if the double standard system had not at that time existed in France?

But let us pass by these questions of history. The chief incon-

venience of the monetary situation of Great Britain, as it presents itself to my mind, is evident as soon as you look at that country's relations with Asia. Inasmuch as I have ventured to put questions to our honorable English colleagues, I ask leave to address one more to them. How is it that the London journals, specially devoted to financial questions, persist in almost entirely ignoring the great disadvantages accruing from the fall in the rate of exchange on British India, and particularly—for this is the main point—from the great variations which for some years have been occurring in that rate? Is there anybody in the world possessing the slightest knowledge of business who is not aware that these disadvantages are very real and very great? Professor Jevons, one of the leading economists in England, has just published in the "Contemporary Review" an article on bimetallism, in which India is not even named. One would think, to read that article, which, however, is not without interest, that the phenomena I have just spoken of are of no importance. Decidedly there is here what you call in English a "tacit understanding" to speak of every thing except the main point. Gentlemen, let us say it emphatically, the great evil lies there, and it is an evil which affects all the world, for the commercial relations between the east and the west are daily becoming closer. Formerly, it is true, there were variations in the Indian rate of exchange; a rupee was not always worth the same; but how insignificant these variations appear when we compare them with those occurring of late years. Ask the cotton spinners, ask all who trade with Asia, whether they are suffering from them. Ask fundholders and bondholders whose interest is payable in rupees or piastres, whether the fall of silver has affected them. We are told the British monetary system is perfect. Yes, it is good in itself, setting aside relations with the east. But if the maintenance of that system has the effect of disturbing these relations, or rather of preventing their being re-established on the same footing as in the past, can we still say that it leaves nothing to be desired, and answers England's requirement?

I might speak, in the last place, of countries whose circulation is chiefly paper, and who ask nothing better than to break with that vexatious system, but who hesitate to do so as long as the value of silver remains uncertain. I will not speak of them, seeing that the Delegates of those countries are among us, and will be able much better than I to enlighten you on the difficulties caused them by the present monetary situation. I hasten, more-

over, to conclude, and my conclusion is this, the inconveniences produced by the fall and variations of value of silver are immense. We are confronted by an evil which imperatively demands a remedy.

What is the remedy? To discover it, we have but to ask what are the causes which have produced the evil we wish to remove? Now, on this point I think we are thoroughly informed; silver has fallen in value, because all over Europe its mintage has been forbidden. I do not say that the increase in production and the diminution in the demand for India have had nothing to do with the fall of silver; these two causes have certainly aggravated it. But I think I may maintain that neither of these phenomena would have had a sensible influence on the relation of value between silver and gold if the Latin Union, Germany, and Holland, had maintained their monetary systems as they stood before 1871.

If this is true, and the works of Mr. Arendt, with which you are acquainted, have proved it in the most scientific fashion, the conclusion is that the adoption of the bimetallic system is the only means of escaping from the grievous situation in which we are placed. Such, at least, is the conclusion at which we have arrived in Holland. Gentlemen, I do not know whether we are still of any account in the councils of nations. We are only a small country, and our political influence is assuredly not what it was in the 17th century. But one thing, perhaps, has remained to us, namely, the reputation of not judging rashly, and of having, moreover, a little experience in commerce. Well, I can assure you, that amongst our leading economists, among our men most conversant with business, there is not one, I repeat, not one, who does not acknowledge the immense advantages which would accrue from the adoption of the bimetallic system by all the great States. A French author has styled that system a stupidity; an English author has just given it a not less insulting name. Well, I assure you, that throughout our country you would vainly seek an economist of any standing who considered these epithets deserved. On the contrary, while disagreeing on many subjects, for there are few schools but are represented among us, we are entirely agreed on this point.

What is there, indeed, in bimetallism to give rise to so many criticisms? Can science be invoked against it? On the contrary, the more I reflect the more it seems to me that the bimetallic principle thoroughly harmonizes with the best established principles of political economy. It is said law can

not fix a value between two merchandises; this is, in general, true, but why? Because most merchandise is in demand for reasons with which law has nothing whatever to do. We buy wheat, sugar, cotton, because we need these articles, and we need them, not by virtue of a law, but for reasons independent of all legislation. Is this the case with money? I have just read in a French newspaper the following words: "If there is a material on which law is without influence, which escapes its action and mocks at all its projects, it is this." It matters little that a journalist thus enunciates his personal opinion, but do not give us this affirmation as the last word of science, which tells us just the contrary. Read Ricardo; he is certainly an economist who stands for something as regards money. Well, Ricardo endeavored to demonstrate in several of his works a principle which is the very negation of that which you have just heard. If there is a material on which law has a great influence, which in no way escapes its action, it is money.

But do not let us dwell on questions of pure theory, seeing that the Conference has resolved that we should avoid them as far as possible. Why engage, moreover, in scientific discussions when the facts themselves speak with so much clearness? Allow me to tell you what, in my judgment, is the most decisive argument in favor of the principles of which I am now the mouth-piece. It is a small table showing the mintage of gold and silver in France from 1803 to 1873. These figures have always seemed to me of especial eloquence.

YEAR.	Gold in Millions of Francs.	Silver in Millions of Francs.	Ratio of Value.
1803 to 1820	865	1,091	1:15.58
1821 to 1847	301	2,778	1:15.80
1848 to 1852	448	543	1:15.67
1853 to 1856	1,795	102	1:15.35
1857 to 1866	3,516	55	1:15.33
1867 to 1873	878	587	1:15.62

From 1803 to 1820 the ratio between gold and silver is about 1 to 15½. The mintages of gold are, therefore, about equal to those of silver; 800 millions for one, a milliard for the other. In the next period, 1821 to 1847, gold is dear, and the mintages of gold immediately diminish enormously, whereas those of silver increase; the proportion becomes 1 to 9. In the years 1848 to 1852 gold begins to fall; it again approaches 15½; therefore, as in the first period, the mintages nearly balance each other in those years, 400 millions of francs for gold, 500 millions for silver. Gold still falls. From 1853 to 1866 the average ratio is 15⅓. The mintages of gold,

consequently, rise to 5,300 millions of francs, whereas the mintages of silver fall to the insignificant amount of 157 millions. After 1866, in the years 1867 to 1873, gold rises (the average becomes 1 to 15.62), and we see the mintage of silver coin immediately increase. We find 800 millions of francs for gold, 500 millions of francs for silver.

Who will tell us after this that the bimetallic system has not the effect of giving a great fixity to the ratio of value between the two metals? The immense increase in the production of gold after 1848 had the result only of making that metal fall, as compared with silver, 3 or 4 per cent. Now, here is the question I submit to you, how this insignificant fall would have been still further reduced if the double standard system had existed not only in the Latin Union, but also in England, Holland, and the United States. Pray reflect also on this. To calculate the quantities of gold with which Europe has been flooded since 1848, it is not enough to give a table of the quantities produced; we must add what America sent us after her establishment of forced currency. If the double standard system was powerful enough to withstand so many causes of economic disturbance when its action was exercised only on a limited territory, how effective would it be if it also existed every-where else.

I conclude; I have already trespassed on your kindness. It is necessary for me, however, to say one word on the inconveniences to which, in Dr. Broch's opinion, the bimetallic system exposes us. I have already acknowledged that those inconveniences exist; but there is a remedy which I consider very efficacious, the obligation imposed on the great banks, of buying at fixed prices all the ingots of gold and silver offered them. Dr. Broch says this system is impracticable in small countries. This I dispute. From 1853 to 1872 the Bank of the Netherlands always bought at the fixed price of 104.65 florins per kilogramme all the silver ingots offered it, whatever the quantity, and since 1875 has followed the same rule for gold, which it now buys at the price of 1.647 florins. Our bank has never found the slightest inconvenience in this plan, inasmuch as it pays in notes for the metal sold to it; and were bimetallism generally adopted, it would readily apply the plan to both metals without any distinction. I have always been of opinion that this would be an excellent means of reducing to a minimum the variations of the ratio of value between gold and silver.

I will add, in conclusion, that the double standard system, in order to work well, will have difficulties to overcome at starting; but those difficulties will be overcome by the help of the chartered banks, which, in this matter, may render very valuable services. I doubt not that the banks are ready to make themselves useful in this matter; in any case, the Governments, by reason of the monopoly they possess, have a right to require them to do so. Later on, all will go well, but it is especially at starting, in the period of transition, that the cordial and effective co-operation of the banks will be indispensable. I think, gentlemen, that our discussions should serve to bring to light what this co-operation must consist of. No more than any other economic reform, can the double standard system be established by simple decree; the way must be well paved for it.

Those who will not act in concert with us to attain the object we are pursuing, should tell us in what way they expect to remedy the evils from which the world is suffering. For a remedy there must be; the present situation is simply unbearable. If you reject the bimetallic remedy, be kind enough to point out another. The fall of silver and its variations of price as regards gold have produced a state of things which is full of difficulties for the present, and of dangers for the future.

MR. PIRMEZ, Delegate of Belgium, began by recalling the vivid apprehensions and exaggerated hopes which had led to the convening of the Conference. He thought that those fears were now dispelled; those who had anticipated with dread the establishment of a vast bimetallic union, comprising a great part of the States of the world, must be reassured. The present attempt, said Mr. Pirmez, seems bound to fail through the same difficulties, the same impossibilities, as that which was made in the same direction in 1878. What remains to be proved is, that the hopes which may have been based on the eventual success of this enterprise were in reality pure illusions. It is important to establish that the present situation, which doubtless is not perfect, contains neither the evils which have been portrayed, nor the dangers with which Europe has been threatened; it must be shown that, far from getting rid of these inconveniences, or warding off these perils, the remedy proposed would only have increased the former, and aggravated the latter.

The States composing the civilized world may, from the monetary standpoint, be divided into three groups, according to the

classification indicated by Mr. Pierson. The gold monometallist States, the States placed under the paper money system, and lastly, those called by him the limping-standard States, viz., those who have in law and in fact the gold standard, but mixed with a remnant of bimetallism.

The first seem completely satisfied with their situation. In vain do bimetallists seek to alarm them by pointing out the evils from which they ought to suffer, the perils which threaten them; they continue to declare that they feel neither ill nor uneasy. If Portugal, if the Scandinavian States, take part in the present Conference, it is not, as they have said, with an intention of altering their monetary system; it is merely from courtesy. England is still more decided; she does not admit even the supposition that she may be led to renounce the single gold standard, and is represented here only under that formal reservation.

It is asserted, however, among bimetallists, that Great Britain ought to discover a powerful motive for change of attitude in the monetary situation of India, and in the depreciation of the rupee; on this point, a distinction has to be drawn. It is certain that England undergoes a certain loss on the payment of the tributes received by the Indian Government from the native princes, and which are fixed at a certain number of rupees, for she receives a uniform sum, the real value of which has diminished through the fall in the rate of silver; but this is only a comparatively minor point in the entirety of her financial relations with India. The great interest for England, as regards her relations with India, is the commercial interest. Now, on this head, it is not correct that Great Britain, as is asserted, suffers from the depreciation of silver. No doubt the London exchange on Calcutta and Bombay has considerably fallen, but, at bottom, English commerce does not suffer therefrom, for it has only, as always happens in such a case, to make up for the fall in exchange by a corresponding rise in selling prices. It is, therefore, quite natural that, notwithstanding the extent of its relations with India, the British Government remains insensible to the adjurations of the bimetallists.

Germany's attitude is not, in substance, different from England's. The German Empire has made a great monetary reform; it has effected it at the fitting moment; it does not think of abandoning it. The Declarations laid before the Conference by Baron Thielmann, on behalf of the Berlin Cabinet, indicate neither hesitation as to the course to pursue, nor distrust of Germany's new monetary system; they imply, on the contrary, a settled resolution to persist

in the path entered upon. If Germany had other intentions, the first measure to be taken by her would have to be the allowing of the free mintage and free circulation of silver. Now, Germany declares that she will neither permit the free mintage of silver nor even maintain as currency the thalers still in circulation; she merely agrees not to get rid of them by sudden resolution, and to spread over several years the completion of the system she has adopted.

Thus, all the gold monometallist States declare themselves satisfied with their situation, and resolved not to alter it; and bimetallism is playing a singular rôle, to say the least, when it endeavors to persuade those States that they are visited without their knowledge by a serious economic disquietude and monetary disease.

There is little to be said of the States subject to the paper money system. It is evident that, for those powers, the financial question controls the monetary question. It is also certain that, looking only at the financial point of view, they might find an advantage in adopting the silver standard, inasmuch as it would furnish them with a very legitimate means of paying off their debts at the smallest possible expense. They hesitate, however, to do so, because they are conscious of the discredit resting on silver. They quite understand that there is now a tendency to consider only States which have the gold standard as rich States, as States of the first class, so to speak, from the financial standpoint. Nothing but the example and support of a great financial power like France could induce them to adopt the silver standard, which would offer itself under the form of bimetallism.

The third monetary group consists of States which have the gold standard in law as in fact, but mixed with a remnant of bimetallism; it includes the States of the Latin Union, except Italy and Greece, which have still the paper money system, Holland, to a certain extent, and Spain. The situation of these States is doubtless not excellent, but what is the cause of the discomfort from which they are suffering? 'Is it not the excess of silver, which is the result, and, as it were, the legacy, of the abandoned bimetallism? If the Latin Union, in 1865, listening to the counsels of Belgium, had purely and simply adopted the gold standard, as it could then have done, without shock, without difficulty, without loss, it would now be in as good a position as that of the Scandinavian States, England, Portugal, and Germany; if it now experiences discomfort, it owes this to bimetallism.

We must beware, however, of exaggerating this discomfort.

The considerable stock of five-franc pieces kept by the Bank of France in its cellars, is not a pure burden ; it serves as pledge and guarantee to the notes in circulation, and the amount has nothing excessive, for the proportion of cash possessed by the Bank of France is not sensibly higher than that of other great state banks, the Bank of England, for instance. People are alarmed, it is true, at the outflow of a certain amount of gold, which has of late reduced the stock of the Bank of France, but we must not fancy that all this amount of gold has left France, as is asserted, and has crossed the Atlantic to pay for the balance of American imports.

There have certainly been exports of gold, but there have also been imports of that metal much more difficult to trace, and the monetary circulation of France remains saturated with it. The payments made on the last French loan of one milliard are a conclusive proof of this. Thus the two weekly returns of the Bank of France, corresponding to the date of the subscription, show an increase of the metallic stock of 60 millions of francs, 45 millions of which are in gold, and only 15 millions in silver. It must also be remarked that, at the same date, the sum of 15 millions, in five-franc pieces, was withdrawn from the National Bank of Belgium to be dispatched to France, and this must have largely contributed to the payments in money made by the subscribers in money to the French loan. We are therefore justified in inferring that gold has, in the monetary circulation of France, a share infinitely superior to that of silver, and is quite the dominant element in that circulation. This flow of five-franc pieces to the Bank of France, which has given rise to so many exaggerated fears, does not, as has been supposed, indicate the phenomenon of exportation of gold, but merely the phenomenon of substitution, the replacement of gold by silver in the bank coffers. If we now find so considerable an amount of silver at the Bank of France, it is solely because this has been withdrawn from the country's circulation by the public itself. Every one has thrown silver money into that great reservoir, to draw therefrom in its place the gold preferred by all.

Viewed from this standpoint, the situation of limping-standard countries has nothing alarming, and it may and should improve, especially if Italy returns at an early date to specie payments. The kingdom of Italy, it will be remembered, entered the Latin Union under somewhat exceptional circumstances ; between the signing and the ratification of the Treaty of Union of 1865, it placed itself under the paper money system, so that this member of the Latin Union has always been in a condition certainly not foreseen

at the time the treaty was concluded. At certain times there has been a considerable discount on the forced currency notes in Italy, which has sometimes reached 10 and 12 per cent. This depreciation of the paper money naturally had the effect of driving out of Italy into the other countries of the Latin Union all the coin existing in Italy. This situation continued, and when, two years ago, the Italian small change was withdrawn, a very large portion of it was found to be outside of Italy. The case is certainly the same with the Italian five-franc pieces, and it may, therefore, be hoped that Italy, when she returns to specie payments, will take back a considerable quantity of these pieces, which will correspondingly relieve the circulation of the other States of the Latin Union.

The situation of limping-standard countries is not, therefore, bad at present, and can but improve.

These countries, it is true, as justly pointed out by Mr. Pierson, are exposed to the danger of counterfeiting, or, to speak more accurately, of the clandestine manufacture of false coin, of the proper fineness and weight, but with a profit of 15 or 20 per cent., resulting simply from the difference between the selling value and the official value of the metal. It must be remarked, however, that owing to the very considerable difficulties, not of the manufacture but of the issue or uttering, this kind of operations can never assume large dimensions.

I think I have shown that our present situation has nothing alarming. It remains to show that the measures proposed by bi-metallists would have the effect not of mitigating but of aggravating the vices or dangers they impute to it.

What, indeed, do they advise? Merely the free coinage of silver; that is to say, countries embarrassed by an excess of silver in the circulation are asked to let still more be coined. They have too much; it is desired to give them more. Correct the excess of silver by a still greater excess of silver, such is the sole remedy prescribed. It is monetary homœopathy.

The results of such a measure would certainly be the very contrary of the anticipations of its promoters. To resume the free mintage of silver without the co-operation of States now having the single gold standard, would be risking a disaster; nobody, therefore, ventures to propose such an experiment. But, assuming that you succeed in getting bimetallism adopted by the whole world, by England, by Germany, by India, even by China, which must be taken into account in monetary matters, you would arrive only at establishing an equal circulation of gold and silver, equally

loading both ends of the scale in all the countries of the globe. Now as the silver standard States are more populous and possess more coin than the gold standard States, and than the, at present, bimetallist States, it follows that the sole result of a universal establishment of bimetallism would be the spreading over Europe of a large portion of the white metal with which Asia is saturated, and the drawing to Asia in return of a considerable part of the European gold. Is that what you desire, and do you pretend to override in that way the preferences of the public? You would not succeed. The Bank of France itself has tried to get acceptance for the five-franc pieces it is constantly putting into circulation, but it has failed, and this cumbersome coin is constantly brought back to it. In the United States the Federal Government has also tried to put in circulation the new dollars coined under the Bland Bill; it has multiplied its efforts to attain that object; it has sought by every means to get them accepted by the public; it has failed likewise, and, notwithstanding heavy sacrifices, has succeeded only in issuing a portion which circulates as small change; the Secretary of the Treasury was compelled to state these facts in his last report.

Bimetallists also flatter themselves with warding off, by the application of their system, two great dangers they consider imminent, the working of the balance of trade in a direction unfavorable to Europe, and the rise of gold.

The balance of trade, so much used and abused, is, in reality, only on illusion. If you will take the balances of trade, as given by statistics, you must always arrive at the conclusion that every State imports more than it exports, for it exports merchandise whose value is reckoned at the place whence it is dispatched; whereas, it imports merchandise whose value is reckoned at the place of consumption; that is to say, after adding the freight and trade profits. The balance of trade is, therefore, misleading. If it indicated the reality, if the difference shown by it had to be settled in coin, it is evident that the whole specie of France and England would already have been drained off by America, and that no more gold would remain in Europe. Everybody knows that this is not the case. Why? Because the differences are settled by bills, by securities, and especially by *arbitrages* between the stock exchanges of different States. Thus, the Bank of England has just reduced its rate of discount, a pretty plain proof that it is not afraid of seeing its stock cross the Atlantic. Even assuming that the forebodings of the bimetallists were realized, assuming that European

gold went and accumulated in America, do you think that movement would be lasting; do you think it would not be followed by a speedy reaction? The gold which would flow to America would not be hoarded; there is no hoarding in the United States. By very reason of its abundance it would not be long in falling, while, in Europe, its scarcity would induce a corresponding rise. The inevitable result of that rise would be the return from the United States of the gold which would there have been in excess.

Even assuming that these dangers of a dearth of gold are not chimerical, and that the working of the balance of trade is to doom Europe to a prolonged gold famine, do you think bimetallism could remedy this by the unlimited coinage of silver? On the contrary, it would thus but aggravate the evil, and increase the peril. If, indeed, you flatter yourselves with sending silver to the United States, with paying for American merchandise in silver, you are cherishing a dangerous illusion. The United States, which produce considerable quantities of silver, and which reject from circulation the silver coined in their own mints, would not receive European silver, but would export more and more silver to Europe. This is their secret hope, and must have been the paramount motive of their present adhesion to the principle of bimetallism. The French and American Governments are agreed, indeed, on that principle, but we may attribute to both of them an innermost idea which they, doubtless, do not communicate to each other. Each of them, probably, thinks, "I shall send my silver to my ally." Which of the two is mistaken? It is not likely to be America, for streams issue from their sources, and do not re-ascend to them.

- Far from leading to a durable restoration of the price of silver, bimetallism would consummate the debasement of that metal. At first, no doubt, gold would fall, silver would rise, and a certain equilibrium would be effected, but the production of silver, stimulated by the factitious elevation of the price of that metal, would not be long in assuming the abnormal development predicted at the last session by the Delegate of Norway. While gold mines would reduce their output, owing to the fall of the metal, silver mines would throw on the market more and more considerable quantities of that metal, and this silver, by very reason of its excessive abundance, would not be long in undergoing a fresh depreciation, this time irremediable.

And why should we expose ourselves to such a danger? To escape the illusory peril of a dearth of gold? That dearth of gold nowhere exists. It is not visible either in commerce, in banks, or

in the circulation. What proves this is that despite the improvements of industry, life is every-where dearer; you can nowhere now obtain what you could obtain 20 years ago with the same amount of gold; moreover, all annuitants and people living on fixed incomes find their situation more and more reduced. If there is a danger, it lies rather in the fall of gold and the general dear-ness of all the necessities of life.

Thus bimetallism, looked at in all its aspects, seems a doctrine which pretends to cure imaginary ailments by remedies which would produce results diametrically opposed to those expected by their promoters.

It could not be otherwise, for every system which consists in trying to establish a fixed ratio between gold and silver is a system directly opposed to economic laws. In proposing such a system you enter on a path which ought to be universally abandoned; you rally to the principle of government interference, you start with the fallacious idea that it is for laws to fix commercial relations within or outside of States. This procedure has been but too much abused by maximum laws, by the regulation of production, by protective customs laws. All these laws are imbued with the false idea that it appertains to the legislator, that it is not only his right and duty, but also within his power to withstand an economic fact, to lower or raise values. We discover the same fundamental idea in the present proposals of bimetallists. Mr. Cernuschi makes no mystery of it. "Money," he says, "is created by law, *nomos*, law; *nomisma*, money. Good or bad, all law is essentially arbitrary. Gold monometallic law is as arbitrary as silver monometallic laws, or bimetallic laws. Arbitrary the choice of the metal if the legislator is monometallist. Arbitrary the choice of the ratio between gold and silver if the legislator is bimetallist. In principle, all ratios are equally good, the ratio of 10, the ratio of 15, the ratio of 20, would each work with the same efficacy and the same regularity if any one of them was adopted by great States furnished with ample supplies of metallic money."

We can not too strongly protest against such a doctrine. The object of law is not to enforce on nations the legislator's arbitrary will, but to respond to the requirements of communities, and to satisfy them it should be the expression of the truth of facts, the truth of law. There have been and are arbitrary laws, because there have been and are bad laws. The arbitrary is never legitimate. Arbitrary laws are *ipso facto* unjust; they are, moreover, powerless. You do not regulate what depends on the human

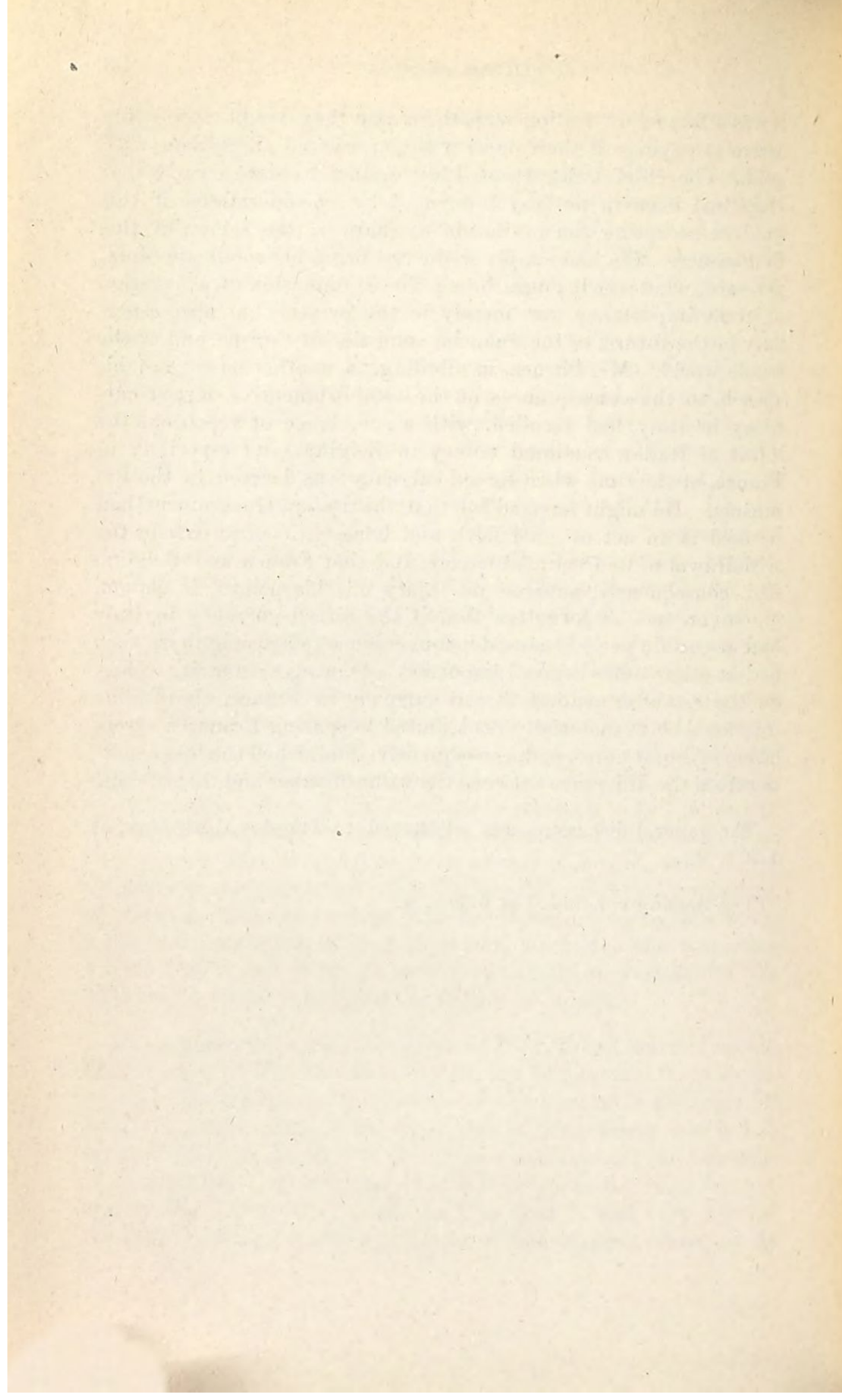
conscience, on individual tastes, desires, judgments, and value is in that category. You do not create a value by law, you do not enforce belief in a value not arising from the reality of facts, or, what is more, contrary to it. You would not be long in discovering this if the principle of bimetallism at $15\frac{1}{2}$ arrived at the status of law. That principle has never been able to maintain itself; though originally established in conformity with the indications of the metal market, the States which have made that ratio the basis of their monetary system have really made only the alternative standard. Yet, there is the pretention of making it prevail, now that the commercial ratio of gold and silver is 1 to 18. You wish at once to decree the realization of a ratio acknowledged to be false, and declared such by the commerce. Whence arises this fallacy? From the fancy that gold can be doomed to the alternative of either being concealed or sold at $15\frac{1}{2}$. Do you know what would happen? Gold would not be concealed, it would not be sold at $15\frac{1}{2}$; it would continue to circulate, but circulate at a premium; it would circulate, not at the ratio decreed by the legislator, but at the ratio indicated by commerce, just as it circulates in Austria, in Italy, in all countries under the paper money system, for the public would not resign themselves to doing without gold, nor would its possessors resign themselves to giving it below its value. It does not appertain to governments to establish and enforce acceptance of truths of opinion, and when they attempt it they fail, they are infallibly overcome by the resistance of the citizen. Even if this Conference were given full powers of action in the names of the nations represented here, even if all the nations not represented here were summoned, even if the Conference were intrusted with the absolute right of punishing, of visiting with the severest penalties those infringing the bimetallic law, nevertheless, if it pretended to decree the respective value of gold and silver, it would be utterly powerless, for the arbitrary is not able to resist the nature of things.

MR. SEISMIT-DODA, chief Delegate of Italy, asked leave to speak, not to reply to Mr. Pirmez's speech, but to prevent the misconception which some of the remarks of the honorable Delegate for Belgium might create, as to the nature of the motives which had induced Italy to attend this Conference, and support the principle of bimetallism. In speaking of countries under the paper money system, Mr. Pirmez expressed the idea that it was very natural for those countries to be supporters of bimetallism, inasmuch as

it was a financial question with them, and they would more easily arrive at paying off their debts with depreciated silver than with gold. The chief Delegate of Italy desired to state clearly that Italy had been in no way influenced by considerations of this kind in accepting the invitation to share in the labors of this Conference. She had simply wished to bring her modicum of experience, whatever it might be, to the examination of a question of great importance, not merely in the present, but also, especially in the future, to the financial condition of Europe, and of the whole world. Mr. Pirmez, in alluding, in another passage of his speech, to the consequences of the establishment of forced currency in Italy, had recalled, with a semblance of reproach, the influx of Italian fractional money in Belgium, and especially in France, at the time when forced currency was decreed in the Peninsula. He might have added that the Italian Government had deemed it an act of good faith and honesty, itself to call for the withdrawal of its fractional money, and that France and Belgium had, consequently, suffered no injury on this point. It should, moreover, not be forgotten that if the forced currency in Italy had at certain periods caused inconvenience to her neighbors, they had at other times derived important advantages from it. Thus, on the establishment of forced currency in France, the Italian fractional coins materially contributed to sparing France a circulation of small notes, and, consequently, diminished the loss resulting from the difference between the value of paper and that of coin.

The general discussion was adjourned to Tuesday, 10th May, at 1.30 P. M.

The Session concluded at 5.30 P. M.



EXHIBITS OF THE THIRD SESSION.

EXHIBIT A.

(Presented by COUNT DO SAN MIGUEL page 74.)

NOTE ON THE MONETARY SYSTEM OF PORTUGAL, ON THE COIN-AGE, AND ON THE MONETARY SITUATION OF THE PORTUGUESE COLONIES,

BY THE COUNT DO SAN MIGUEL.

The monetary system actually in force in Portugal was established by the law of the 29th July, 1854.

Gold is the single metallic standard.

The metal coined is of a standard of $\frac{916\frac{2}{3}}{1000}$ fine; that is to say, $\frac{11}{12}$ of pure gold, and $\frac{1}{12}$ of alloy.

The pieces of gold are:—

	Value.	Weight in Grammes.
Crown.....	10,000 reis.	17,735
Half crown.....	5,000 “	8,868
Fifth of a crown.....	2,000 “	3,547
Tenth of a crown.....	1,000 “	1,774

The ancient Portuguese gold coins, called peças and half peças, of the standard of $\frac{916\frac{2}{3}}{1000}$ fine, the same as the English coins of the same metal, and of the same standard, called sovereigns and half sovereigns, are considered legal tender under the following conditions:

The peça	should be of the weight of 14,188 grammes.
The half peça	“ “ 7,094 “
The sovereigns	“ “ 7,981 “
The half sovereigns	“ “ 3,990 “

And are received—

The peça,	at the value of 8,000 reis.
The half peça	“ 4,000 “
The sovereign,	“ 4,500 “
The half sovereign,	“ 2,250 “

The State recognizes, as legal, in all money an allowance of 2 per 1,000 in the weight, and 2 per 1,000 in the standard.

Individuals, banks, and all other associations can have coined at the mint any quantity of gold of the standard of $\frac{916\frac{2}{3}}{1000}$ fine, in crowns, half-crowns, fifths, and tenths of crowns, by paying 1,000 reis per kilogramme, but it has often occurred that money has been coined gratuitously through the order of the Cortes.

Table No. 1 shows the amount of gold money struck at the Lisbon Mint (the only one in the country) in the period between 1854 and 1880.

Silver and copper are used as subsidiary money.

One hundred and twenty-five grammes of silver alloy of the standard of $\frac{916\frac{2}{3}}{1000}$ fine are divided into coins in the following manner:

	Value.	Weight in Grammes.
In 10 pieces called five tostoes.....	500 reis.	12.5
In 20 pieces called two tostoes.....	200 "	5.
In 50 pieces called tostoes.....	100 "	2.5
In 100 pieces called half tostoes.....	50 "	1.25

The allowance is 3 per 1,000 in weight, and 2 per 1,000 in standard.

In any payment, whatever may be its importance and the origin of the obligation from which it springs, the creditor is not obliged to receive more than 5,000 reis in silver money. There has, however, long existed in the commerce of Lisbon a custom, sanctioned by no law but generally recognized, to accept a third of the payment in silver coin.

The State reserves to itself the privilege of making and issuing subsidiary coin of silver and copper. No issue of this coin can, however, be made without its amount being fixed by the Cortes.

Table No. 2 shows the amount of silver money struck from 1854 to 1880.

The law of 1854 declared that the old gold crowns struck by virtue of the law of 15th February, 1851, the silver coins called crowns and their divisions, created by the law of the 24th April, 1835, the coins called "crusados novos" and their divisions, the old coins of 100 reis, and all foreign coins of authorized circulation, should lose their legal currency and should be exchanged for legal money at their nominal value and within a time fixed by the same law, provided, they were not clipped. The time was extended by later laws on account of the impossibility of effecting the exchange in the time first fixed.

Foreign coins have entirely disappeared from the circulation, old silver coins are very rare, and in the period between the 30th September, 1879, and the 30th September, 1880, none of these old silver coins were presented at the Mint for exchange.

Table No. 3 shows the silver coins withdrawn from circulation up to 1854.

Table No. 4 shows the importation and exportation of gold and silver coins during the years 1854 to 1856, in 1865, and from 1861 to 1880. Before 1865 official publications relating to international commerce were made irregularly, and statistics are wanting for the years between 1857 and 1860, and from 1862 to 1864.

Various circumstances of political and financial origin caused the striking in Portugal, during the first quarter of the century, and also during a part of the second, of a considerable quantity of bronze and of copper money; the first

with an intrinsic value of about 50 per cent., and in the second in a proportion which scarcely reached 30 per cent.

The manufacture of bronze money, which began in 1811, ceased in 1835, in accordance with the terms of the law on monetary reform, of the 24th April of the same year.

The legislation of 1854 only concerned itself with the question of copper, in order to authorize the continued issue of notes representing that money.

Different laws since 1854 have authorized the issue of copper money.

Table No. 5 shows the kinds and the quantity of copper coined from 1865 to 1880.

The only decree which relates to payment in copper money was dated the 17th February, 1779, and fixed the sum of 100 reis as the maximum of the amount payable in this coin; however, there has always existed in the commerce of Lisbon, as with silver, a custom, sanctioned by no law, of receiving a third of the total amount in copper money.

PAPER MONEY.

The only paper representative of coin is the bank note. There are two classes of bank notes, one which is only current in the administrative district of Lisbon, and the other beyond that circle.

The Bank of Portugal has the monopoly of the issue of notes of the first class.

This establishment has a capital of eight milliards of reis, and the right belongs to it of issuing its notes through the whole country, with this advantage, that they are received by the Financial Minister as and the equivalent of metallic money. Notwithstanding, the creditors of the State are not compelled to receive these notes in payment of their debt. Beyond the district of Lisbon there exists certain liberties for the issue of notes, which are regulated by special legislation. Each bank, either at Porto or in the provinces, organized conformably to the general principles of the law of 22d June, 1867, concerning the formation and existence of joint stock companies, is authorized to include among its operations the issue of bank notes. The notes issued by these bodies do not, however, have the privilege of being received as the equivalent of metallic money by the public receivers.

The establishments which issue bank notes in the kingdom are nine in number, one at Lisbon, five at Porto, and three in the provinces. Various causes, up to the present time, have hindered the paper currency from being of an importance equal to that of other countries.

In accordance with the law of 1854, bank notes can only represent gold coin, and must be paid in that metal.

The Island of Madeira.—Funchal.

The monetary system of Portugal, in accordance with the law of the 29th July 1854 and other regulations in force, was established in Madeira by the law of the 2d May, 1879.

Before the enactment of this law, there were in circulation in Madeira all the gold and silver Spanish coins; the gold and silver money of Great Britain; the eagles, dollars, and their fractions of the United States of America; Mexican, Bolivian, Chilian, and Buenos Ayres piastres. The gold double dollars of the United States, and the fractions of piastres of the Republics of South America, circulated there without legal currency.

The law of the 2d May, 1879, giving to the foreign money, which had legal force in Madeira a fixed value, in comparison with the money of Portugal, ordered, that the coins should be exchanged within two months of the promulgation of the law in Madeira for the coins of Portugal, and forbade, after the expiration of two months from the publication of the law in the Official Journal, the importation of foreign money into the island.

With the aim of insuring this exchange, the same law authorized the Government to strike silver coins of 500, 200, 100, and 50 reis, until the amount of 500 millions of reis had been reached.

Table No. 6 shows the working of the exchange of gold and silver money withdrawn from circulation in the district of Funchal, by virtue of the law of the 2d May, 1879.

It must be remarked that the result of the exchange of money in Funchal can not be considered definite, the sale of the remainder of the piastres employed in the coinage of the 500 millions of reis not having yet been effected.

The Archipelago of the Azores.

A great number of special circumstances prevented the Government from applying the law of 1854 to the Azores Archipelago, and to the colonies where foreign money was still in circulation. As can be seen from the table showing the coinage of copper, various laws authorized the manufacture of a certain amount of copper money especially, destined for the Azores and Portuguese colonies,

Eastern Azores (Ponta Delgada.)

The kinds of coins in circulation are:

Gold coins:

Portuguese pieces of the value of.....	10,000 reis.
English guineas, of the value of.....	5,600 "

Silver coins:

Spanish and Brazilian piastres of the old type, of the value of.....	1,200 "
Half piastres of the old type, of the value of.....	600 "
Serrilhas (a division of the piastre) of the value of.....	240 "
Tostoes, of the value of.....	120 "

The Portuguese coin "novos cruzados" circulate there also, but are very rare, and have a conventional currency, of the value of 600 reis.

Western Azores (Horta.)

There are there in circulation English guineas, Spanish and Brazilian pesos of the old type, and their divisions. Beside these coins, which have a legal value by law, some others are found there, such as American eagles, Spanish onces, etc., which are received in commerce at a fixed exchange, but which can not be received into the public treasuries. According to the showing of a Minute sent to the Financial Minister by the Master of the Lisbon Mint in 1871, (Minute from which these figures are copied), it is difficult to decide, even approximately, the total value of each coin in circulation.

Central Azores (Angra.)

The kinds of coin in circulation are :

Gold coins:

American eagles, of the value of	24,000 reis.
English guineas, of the value of.....	5,800 "

Silver coins:

Brazilian piastres, of the value of.....	1,200 "
Half piastres, of the value of.	600 "
Quarter piastres, of the value of.....	300 "
Tenths of a piastre, of the value of.....	120 "

Copper:

Portuguese coins of.....	20, 10, and 5 reis.
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All these values are in reis of the islands, depreciated money, which differs from that of Portugal in the proportion of 25 to 30 per cent.; that is to say, 100 reis of Portugal are worth 125 of the reis of the islands.

Portuguese Colonies.—Asia.

Portuguese India.—To understand thoroughly the value of the actual coins of India, one must first understand the money of account. In India they count, in a complex form, in xérafins, tangas, and reis. The division of the money of account is as follows:

Xérafin = 5 tangas;—tanga = 60 reis (depreciated).

The value of the actual coins that we are going to show is given in money of account:

Gold:

Saint Thomas, old, 7 xérafins, 1 tanga, and 15 reis, 2,175 reis, depreciated, or not depreciated.....	1,150. reis.
Saint Thomas, new, 14 xérafins, and 2 tangas, 4,320 reis, depreciated or not depreciated.....	2,280 "

Silver:

Rupee, 2 xérafins, and 2 tangas, 720 reis, depreciated or not depreciated.....	380 "
Half rupee, or xérafin, or pardou, 1 xérafin and 1 tanga, 360 reis, depreciated, or not depreciated	190 "
Quarter rupee, or half xérafin, or half pardou, 3 tangas, 180 reis, depreciated, or not depreciated.....	95 "

Copper:

Tanga, 60 reis, depreciated, or not depreciated.....	30 "
Half tanga, 30 reis, depreciated, or not depreciated.....	15 "

It is also necessary to fix the difference which exists between the xérafin in actual money, and the xérafin in money of account. In India it is distinguished in two ways; either by calling the first, silver xérafin, and the latter, copper xérafin (ideal money, or money of account); or by calling the former, half rupee, and the latter xérafin.

The xérafin, actual money, or silver xérafin, had until the 30th June, 1875 an official value of 160 reis, not depreciated, for transactions with the State.

The law of the 30th April, 1874 ordered, that beginning from the 1st July, 1875, this money should have an official value of 200 reis.

Africa.—Western Coast.—Angola.

Silver.—Piece of.....	12 macutas.
“ “	10 “
“ “	8 “
“ “	6 “
“ “	4 “
“ “	2 “

These coins are not now found in circulation because their intrinsic value being greater than their nominal value, they have been all exported.

Copper.—Macuta, 50 reis, depreciated.....	30 reis.
“ Half macuta, 25 reis, depreciated.....	15 “

The gold coin of 8,000 reis circulates there also with the value of 13,000 depreciated reis. All reductions are made on these numbers, which give the following equivalent:

100 reis, not depreciated = 1,625 reis, depreciated.

The money which circulates most is paper money.

These are the notes of the National Bank (Transmarine) of the value of 1,000, 2,000, 5,000, 10,000 and 20,000 reis, not depreciated, and the promissory notes of the Council of Finance, of the value of 1,000, 2,500, 5,000, and 20,000 reis, not depreciated.

By the resolution of the Governor of this Province, dated 19th June, 1861, it was settled that transactions with the administration should be liquidated and undepreciated reis, and 30 undepreciated reis were fixed as the value of the macuta of copper. Transactions among individuals continued, and do still, to be made in depreciated money.

The same resolution fixed the following values, in undepreciated reis, for the foreign coins in circulation:

Gold:

United States eagle of 20 dollars.....	18,400 reis.
Eagle of 10 piastres.....	9,200 “
Half eagle of 5 piastres.....	4,600 “
The ounce of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Buenos Ayres, of Ecuador, of Central America, and of New Granada.....	14,600 “
Half ounce of the same countries.....	7,300 “
Quarter ounce of the same countries.....	3,650 “
Brazilian piece.....	8,000 “
Brazilian half-piece.....	4,000 “
Brazilian coin of 4,000.....	4,500 “
English guinea.....	4,500 “
English half guinea.....	2,250 “
French piece of 20 francs.....	3,440 “
French piece of 10 francs.....	1,720 “

Silver:

The piastre of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Brazil, Buenos Ayres, and the United States	920	reis.
Half piastre of the same countries.....	460	"
Quarter piastre of the same countries.....	230	"
Fifth of the piastre, or the Spanish peseta.....	184	"
Tenth of the piastre (United States).....	92	"
English crown (5 shillings).....	1,125	"
English half-crown (2½ shillings).....	562.5	"
Piece of 2 shillings... ..	450	"
Piece of 1 shilling.....	225	"
Piece of ½ shilling.....	112.5	"
Piece of ¼ shilling.....	56.25	"
French piece of 5 francs.....	860	"
French piece of 2 francs.....	344	"
French piece of 1 franc.....	172	"
French piece of ½ franc.....	86	"
French piece of ¼ franc.....	43	"

Cape de Verde.

The law of the 19th October, 1853, fixed the following values, in undepreciated reis, for the foreign coins in circulation in this province:

Gold:

The ounce of Spain, Peru, Chili, Bolivia, Columbia, Buenos Ayres, Ecuador, Central America, and New Granada.....	14,600	reis.
Half ounce of the same countries.....	7,300	"
Quarter ounce of the same countries	3,650	"
Eagle of 10 piastres of the United States.....	9,200	"
Half eagle of 5 piastres of the United States.....	4,600	"
Brazilian piece.....	4,000	"
Coin of 4,000 Brazilian.....	4,500	"
English guinea.....	4,500	"
English half-guinea.....	2,250	"

Silver:

The piastre of Spain, Peru, Chili, Bolivia, Columbia, Buenos Ayres, Ecuador, Central America, and New Granada.....	920	"
French piece of five francs.....	860	"

Eastern Coast.—Mozambique.

Gold:

The gold barrinha, 26,500 reis, depreciated or not depreciated.....	6,460	reis.
The gold half barrinha, 13,250 reis, depreciated or not depreciated.....	3,230	"

Silver:

Piastre, 2,400 reis, depreciated or not depreciated.....	585.5	"
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Copper:

Piece of 160 reis, depreciated... ..	40	"
Piece of 80 reis, depreciated.....	20	"
Piece of 40 reis, depreciated.....	10	"

These values were fixed by the resolution of the Governor of the Province, dated the 20th May, 1854, which established the following relation:

100 reis, undepreciated = 410 reis, provincial or depreciated.

The first coins that they had in Eastern Portuguese Africa, were called "Bajaruco," and were worth 10 and 15 reis.

No. 1.

GENERAL TABLE OF GOLD COINED UP TO 30TH SEPTEMBER, 1880, IN
VIRTUE OF THE LAW OF THE 29TH JULY, 1854.

Periods.	IN PIECES OF				GENERAL AMOUNT.
	10,000 Reis.	5,000 Reis.	2,000 Reis.	1,000 Reis.	Value in Reis.
12 Dec., 1855, to 30 Sept., 1856			75,350,000	68,057,000	143,407,000
1 Oct., 1856, to 31 Mar., 1857			88,698,000		88,698,000
1 Apr., 1857, to 30 Sept., 1858			25,254,000		25,254,000
1 Oct., 1858, to 30 Nov., 1859			1,600,000		1,600,000
1 Dec., 1859, to 30 Sept., 1860		140,300,000	136,198,000		276,498,000
1 Oct., 1860, to 30 " 1861		303,895,000			303,895,000
1 " 1861, to 30 " 1862		934,545,000			934,545,000
1 " 1862, to 30 " 1863		275,675,000			275,675,000
1 " 1863, to 30 " 1864		106,600,000	151,800,000		258,400,000
1 " 1864, to 30 " 1865			214,500,000		214,500,000
1 " 1865, to 30 " 1866			126,000,000		126,000,000
1 " 1866, to 30 " 1867		119,000,000	188,500,000		307,500,000
1 " 1867, to 30 " 1868		329,000,000	48,000,000		377,000,000
1 " 1868, to 30 " 1869		406,000,000	10,000,000		416,000,000
1 " 1869, to 30 " 1870		312,000,000	11,000,000		323,000,000
1 " 1870, to 30 " 1871		268,500,000	4,000,000		272,500,000
1 " 1871, to 30 " 1872		146,000,000	1,000,000		147,000,000
1 " 1872, to 30 " 1873		133,000,000	1,000,000		134,000,000
1 " 1873, to 30 " 1874		50,000,000	10,000,000		60,000,000
1 " 1874, to 30 " 1875		45,000,000	7,000,000		52,000,000
1 " 1875, to 30 " 1876		61,000,000	4,000,000		65,000,000
1 " 1876, to 30 " 1877		76,000,000	6,500,000		82,500,000
1 " 1877, to 30 " 1878	187,020,000	42,000,000	43,000,000		272,020,000
1 " 1878, to 30 " 1879	243,010,000				243,010,000
1 " 1879, to 30 " 1880	409,000,000				409,000,000
Totals	839,030,000	3,748,515,000	1,153,400,000	68,057,000	5,809,002,000

No. 2.

GENERAL TABLE OF SILVER COINED FROM 1ST AUGUST, 1854, TO 30TH SEPTEMBER, 1880, IN VIRTUE OF VARIOUS LAWS.

Periods and Laws.	IN PIECES OF				GENERAL AMOUNT.
	500 Reis.	200 Reis.	100 Reis.	50 Reis.	Value in Reis.
Law of 29 July, 1854: From 1 Aug. to 1 Dec., 1854.....	295,872,000	58,370,800	42,201,600	.....	396,444,400
Law of 8 May, 1855: During the whole year 1855.....	575,442,000	11,170,600	11,314,700	2,072,700	600,000,000
Law of 24 April, 1856: During the year 1856, and in Jan., 1857	845,064,500	154,596,000	.....	339,500	1,000,000,000
Law of 27 March, 1857: From 1 Feb., 1857, to 14 Nov. of the same year.....	897,511,500	97,230,600	4,250,900	.....	998,993,000
Laws of 5 March and of 23 July, 1858: From 15 Nov., 1857, to 30 Nov., 1859.	2,875,065,000	79,431,000	45,503,000	.....	2,999,999,000
Law of 4 Feb., 1861: From 1 Dec. 1859, to 30 Sept., 1862.....	.....	134,318,000	80,000,000	40,860,000	255,178,000
Laws of 4 Feb., 1861, and of 8 July, 1862: From 1 Oct., 1862, to 30 Sept., 1863.	22,000,000	111,822,000	.....	10,750,000	144,572,000
Law of 8 July, 1862: From 1 Oct., 1863, to 31 May, 1864.	82,650,000	17,100,000	.....	500,000	100,250,000
Law of 21 May, 1864: From 1 June, 1864, to 30 Sept., 1865.	176,000,000	15,000,000	8,000,000	1,000,000	200,000,000
Law of 26 Dec., 1865: From 1 Oct., 1865, to 30 Sept., 1866	283,000,000	10,000,000	6,000,000	1,000,000	300,000,000
Law of 26 June, 1867: From 1 Oct., 1866, to 30 Sept., 1867.	240,000,000	1,000,000	.....	.....	241,000,000
From 1 Oct., 1867, to 30 Sept., 1868	186,000,000	1,000,000	.....	.....	187,000,000
From 1 Oct., 1868, to 30 Sept., 1869.	70,000,000	1,000,000	1,000,000	.....	72,000,000
Decree of 21 July, 1870: From 1 Oct., 1869, to 30 Sept., 1870.	80,000,000	.....	.....	.....	80,000,000
From 1 Oct., 1870, to 30 Sept., 1871.	100,000,000	17,000,000	.....	.....	117,000,000
From 1 Oct., 1871, to 20 Oct., 1871.....	.....	.....	3,000,000	.....	3,000,000
Law of 27 Sept., 1871: From 3 Oct., 1871, to 30 Sept., 1872.	377,000,000	12,000,000	3,000,000	.....	392,000,000
From 1 Oct., 1872, to 30 Sept., 1873.	2,000,000	2,000,000	4,000,000	.....	8,000,000
Ministerial Resolution of 18 Aug., 1874: From 1 Oct., 1873, to 30 Sept., 1874.....	.....	.....	5,000,000	.....	5,000,000
Ministerial Resolution of 18 Aug., 1874, and Law of 23 Feb., 1875: From 1 Oct., 1874, to 30 Sept., 1875.....	.....	14,000,000	25,000,000	3,000,000	42,000,000
From 1 Oct., 1875, to 30 Sept., 1876.	210,000,000	16,000,000	22,000,000	.....	248,000,000
From 1 Oct., 1876, to 30 Sept., 1877.	25,000,000	6,000,000	10,000,000	8,500,000	49,500,000
From 1 Oct., 1877, to 30 Sept., 1878.....	.....	3,450,000	5,000,000	1,500,000	9,950,000
Laws of 23 Feb., 1875, and of 2 May, 1879: From 1 Oct., 1878, to 30 Sept., 1879.	343,990,000	1,560,000	18,000,000	4,000,000	367,550,000
Law of 2 May, 1879: From 1 Oct., 1879, to 30 Sept., 1880.	50,000,000	30,000,000	82,000,000	16,000,000	178,000,000
Totals	7,736,595,000	794,049,000	375,270,000	89,522,200	8,995,436,400

No. 3.

GENERAL TABLE OF THE REPRESENTATIVE VALUE OF THE OLD SILVER COINS WITHDRAWN FROM CIRCULATION UP TO 30TH SEPTEMBER, 1880, IN ACCORDANCE WITH THE LAW OF THE 29TH JULY, 1854.*

Periods.		By Exchange or Transfer.	By Purchase.	By Transactions with the Bank of Portugal.	In Small Money.	In Large Money.	General Total.
20 July 1854 to 30 Sept. 1856.	1856.	243,245,270	847,427,140	28,872,000	158,562,090	960,982,320	1,118,544,410
1 Oct. 1856 to 31 Dec. 1856.	1856.	500,950	288,293,200	18,995,000	18,609,550	289,179,600	307,789,150
1 Jan. 1857 to 30 June 1857.	1857.	580,770	442,116,000	38,572,500	39,153,270	442,116,000	481,269,270
1 July 1857 to 25 Nov. 1857.	1857.	455,050	388,850,000	12,000,000	12,455,130	388,849,920	401,305,050
26 Nov. 1857 to 30 Sept. 1858.	1858.	3,029,030	1,114,800,000	37,569,670	10,889,100	1,144,509,600	1,155,398,700
1 Oct. 1858 to 30 Nov. 1859.	1859.	88,149,840	1,599,000,000		73,321,440	1,613,828,400	1,687,149,840
1 Dec. 1859 to 30 Sept. 1860.	1860.	204,160,800			71,999,160	132,170,640	204,160,800
1 Oct. 1860 to 30 Sept. 1861.	1861.	192,378,770			46,958,690	145,420,080	192,378,770
1 " 1861 to 30 " 1862.	1862.	168,166,420			14,215,300	153,951,120	168,166,420
1 " 1862 to 30 " 1863.	1863.	128,007,910			24,514,630	103,493,280	128,007,910
1 " 1863 to 30 " 1864.	1864.	170,379,080			51,134,320	119,244,720	170,379,080
1 " 1864 to 30 " 1865.	1865.	286,456,380			99,011,580	187,444,800	286,456,380
1 " 1865 to 30 " 1866.	1866.	226,855,540			80,749,940	146,109,600	226,855,540
1 " 1866 to 30 " 1867.	1867.	181,670,420			72,638,180	109,032,240	181,670,420
1 " 1867 to 30 " 1868.	1868.	152,258,050			56,497,570	95,760,480	152,258,050
1 " 1868 to 30 " 1869.	1869.	114,071,500			41,351,260	72,720,240	114,071,500
1 " 1869 to 30 " 1870.	1870.	124,562,380			42,374,860	82,187,520	124,562,380
1 " 1870 to 30 " 1871.	1871.	55,120,490			33,622,250	21,498,240	55,120,490
1 " 1871 to 30 " 1872.	1872.	56,953,270			9,372,310	47,580,960	56,953,270
1 " 1872 to 30 " 1873.	1873.	44,055,120			6,887,760	37,167,360	44,055,120
1 " 1873 to 30 " 1874.	1874.	22,296,760			3,389,560	18,907,200	22,296,760
1 " 1874 to 30 " 1875.	1875.	29,759,930			4,586,810	25,173,120	29,759,930
1 " 1875 to 30 " 1876.	1876.	20,604,630			2,017,350	18,587,280	20,604,630
1 " 1876 to 30 " 1877.	1877.	21,907,940			2,969,950	18,937,990	21,907,940
1 " 1877 to 30 " 1878.	1878.	29,000				29,000	29,000
1 " 1878 to 80 " 1879.	1879.	1,033,780			132,980	900,800	1,033,780
1 " 1879 to 30 " 1880.	1880.						
Totals		4,680,486,340	4,680,486,340	136,009,170	977,406,080	6,375,782,510	7,353,188,590

*Values in reis

No. 4.

IMPORTATION AND EXPORTATION OF GOLD AND SILVER.

VALUE IN REIS.

Year.	IMPORTATION.		EXPORTATION.	
	Gold.	Silver.	Gold.	Silver.
	Reis.	Reis.	Reis.	Reis.
1854.....	3,294,700,000	29,100,000	46,300,000	1,153,800,000
1855.....	2,648,600,000	72,900,000	58,700,000	2,181,700,000
1856.....	1,140,800,000	24,100,000	112,800,000	905,300,000
1861.....	1,931,700,000	2,000,000	165,200,000	502,000,000
1865.....	390,600,000	12,400,000	3,585,200,000	189,100,000
1866.....	1,959,200,000	8,300,000	1,815,500,000	252,400,000
1867.....	330,500,000	31,500,000	1,366,000,000	210,700,000
1868.....	630,900,000	89,900,000	1,779,300,000	214,500,000
1869.....	298,500,000	6,200,000	126,200,000	226,500,000
1870.....	1,140,900,000	1,100,000	10,100,000	108,800,000
1871.....	3,591,400,000	24,900,000	14,900,000	86,600,000
1872.....	1,795,200,000	200,000	2,600,000	14,100,000
1873.....	3,907,200,000	21,100,000	2,500,000	25,300,000
1874.....	1,439,200,000	57,600,000	.....	3,000,000
1875.....	2,553,700,000	39,300,000	.....	17,700,000
1876.....	4,325,100,000	169,900,000	.....	20,800,000
1877.....	718,800,000	42,300,000	.....	.....
1878.....	3,237,700,000	344,100,000	.....	7,500,000
1879.....	747,100,000	497,400,000	1,477,400,000	1,146,400,000
1880.....	2,479,200,000	11,400,000	26,600,000	7,100,000

Full information for the year 1880, relating to the district of Funchal, has not yet been received in the Statistical Department.

No. 5.

GENERAL TABLE OF THE COPPER COINED FROM THE 1ST JULY, 1865,
TO THE 30TH SEPTEMBER, 1880, IN ACCORDANCE WITH DIFFER-
ENT ORDERS.

Destination, Period, and Order.	IN PIECES OF				Total. (Value in Reis.)
	20 Reis.	10 Reis.	5 Reis.	3 Reis.	
Law of 26 June, 1867:					
1 July, 1867, to 30 September of the same year.....	.....	.....	2,485,000	.....	2,485,000
1 October, 1867, to 30 September, 1868.....	.....	.....	3,800,000	300,000	4,100,000
1 October, 1868, to 30 September, 1869.....	.....	.....	2,400,000	.....	2,400,000
1 October, 1869, to 30 September, 1873.....	.....	.....	1,015,000	.....	1,015,000
Law of 1 April, 1874:					
1 October, 1873, to 30 September, 1874.....	.....	.....	2,900,000	.....	2,900,000
Laws of 1 April, 1874, and of 10 April, 1875:					
In September of 1874.....	.....	.....	700,000	.....	700,000
1 October, 1874, to 30 September, 1875.....	.....	.....	10,700,000	4,440,000	15,140,000
Law of 10 April, 1875:					
1 October, 1875, to 30 September, 1876.....	.....	.....	4,400,000	206	4,000,206
1 October, 1876, to 30 September, 1877.....	.....	.....	.....	.....	.....
Law of 10 April, 1875, and Ministerial Resolution of 23 September, 1878:					
1 October, 1877, to 30 September, 1878.....	.....	.....	500,000	.....	500,000
1 October, 1878, to 30 September, 1879.....	.....	.....	4,060,000	.....	4,060,000
1 October, 1879, to 30 September, 1880.....	.....	.....	.....	.....	.....
Totals.....	.....	.....	32,260,000	4,740,006	37,700,006
FOR THE AZORES.					
Law of 21 May, 1864:					
1 July, 1865, to 30 September of the same year.....	3,000,000	1,000,000	.....	.....	4,000,000
1 October, 1865, to 30 September, 1866.....	3,000,000	2,500,000	500,000	.....	6,000,000
1 October, 1866, to 30 September, 1867.....	2,450,000	.....	50,000	.....	2,500,000
1 October, 1867, to 30 September, 1868.....	550,000	1,750,000	200,000	.....	2,500,000
1 October, 1868, to 30 September, 1879.....	.....	.....	.....	.....	.....
Law of 14 May, 1880:					
1 October, 1879, to 30 September, 1880.....	.....	.....	2,000,000	.....	2,000,000
FOR THE COLONIES.					
Resolutions of the Treasury; general Direction of the Public Treasurer, 9 April, 1867:					
4 November, 1867, to 30 September, 1868.....	12,000,000	6,000,000	2,000,000	.....	20,000,000
1 October, 1868, to 30 September, 1869.....	2,900,000	1,500,000	600,000	.....	5,000,000
Resolution of the Minister of Finance, 11 October, 1870, and Resolution of the same Minister, 24 January, 1871:					
1 October, 1869, to 30 September, 1871.....	6,200,000	600,000	1,200,000	.....	8,000,000
1 October, 1871, to 30 September, 1872.....	1,000,000	3,000,000	.....	.....	4,000,000
Resolution of the Cabinet of Ministers, 30 June, 1872, and Resolution of the Minister of Finance, 2 July, 1873:					
1 October, 1872, to 30 September, 1873.....	26,500,000	18,800,000	6,200,000	.....	51,500,000
1 October, 1873, to 30 September, 1874.....	45,500,000	2,400,000	600,000	.....	48,500,000
1 October, 1874, to 30 September, 1875.....	4,500,000	400,000	100,000	.....	5,000,000
1 October, 1875, to 30 September, 1876.....	.....	.....	.....	.....	.....
1 October, 1876, to 30 September, 1877.....	4,500,000	400,000	300,000	.....	5,200,000
1 October, 1877, to 30 September, 1878.....	.....	200,000	.....	.....	200,000
Totals	112,100,000	38,550,000	13,750,000	.....	164,400,000

No. 6.

ACCOUNT OF THE WORKING OF THE EXCHANGE OF GOLD AND SILVER COINS WITHDRAWN FROM CIRCULATION IN THE DISTRICT OF FUNCHAL, BY VIRTUE OF THE LAW OF THE 2^d OF MAY, 1879.

	Value in Reis.
Amount of 144,000 piastres withdrawn from Funchal for their former value in actual money, and applied to the payment of the coinage authorized by the law of 23 ^d February, 1876, and to part of that authorized by the law of the 23 ^d February, 1876.....	130,909,089
Amount of 314,000 piastres withdrawn at the value of 937 reis, which was given to them by the above-mentioned law of 2 ^d May, 1876, to be applied to the coinage authorized by the same law.....	294,218,000
Amount in piastres and other coins transferred to the vaults of the financial agent in London to be sold.....	792,596,292
Amount of gold coin withdrawn from the circulation to be changed into Portuguese money.....	117,575,719
	1,335,299,100
Application:	
Coinage of silver.....	543,990,600
Coinage of gold.....	143,614,018
Produced by the sale of silver in London.....	727,217,999
	1,414,822,617
Payment in silver bars to the mint for the value of entry into the same establishment.....	15,125,267
	1,429,947,884
Deduct:	
Purchase of fine silver for coinage.....	62,174,380
Purchase of fine gold for coinage.....	28,838,625
Transport, assurances, and different expenses.....	18,383,672
	109,396,677
	1,320,551,207
Cost of operation.....	14,647,893

The translation of this Exhibit is, with his permission, taken from the condensation of the Proceedings of the Conference, published in English by Mr. A. COTTERELL TUPP, B.A., F.S.S., etc., etc. London: P. S. King. 1881.

FOURTH SESSION.

FOURTH SESSION.

— TUESDAY *May* 10, 1881.

MR. MAGNIN presided, and there were present the Delegates of
Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden and Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; and for British India,

SIR LOUIS MALLET, Under Secretary of State and chief Delegate
of India.

—
The Session opened at 2 o'clock.

The Minutes of the previous meeting were read and adopted.

THE PRESIDENT expressed his gratification at Sir Louis Mallet's

presence at the Session, and at the valuable co-operation he would bring to the labors of the Conference.

CHEVALIER VON NIEBAUER asked for an explanation as to the meaning of one of the paragraphs of the note submitted at the last Session by Mr. Cernuschi, and designed to elicit from the various governments represented at the Conference detailed information on the mintage of silver since 1st January, 1874. * In the last paragraph but one of that note, Mr. Cernuschi expressed a desire that the Austrian Government would state at what date it ceased coining double thalers. By this term double thalers, did the honorable Delegate of France mean thalers known as Union thalers or *vereinsthaler*?

MR. CERNUSCHI replied in the affirmative.

The chief DELEGATE OF THE NETHERLANDS laid on the table of the Conference, as an at least partial reply to the desire expressed by Mr. Cernuschi at the last session, two tables showing, first, the value of gold, silver, copper, and bronze coins struck between 1840 to 1880, at the Utrecht Mint and its branch, and destined to circulate in the Netherlands and their colonies; secondly, the value of the same coins dispatched either to the Dutch colonies or abroad, and of coins which have been forwarded back to the Netherlands.¹

MR. LARDY, Delegate of the Swiss Confederation, asked leave to speak, in order to submit a proposition. Mr. Lardy spoke as follows:

Mr. President, and Gentlemen—It is with a painful feeling that I speak for the first time in this Conference. In 1874 and 1878, at the meetings of the States of the Latin Union, as at the Universal Conference of 1878, I had the honor of being the humble colleague of an eminent *savant*, Mr. Feer-Herzog. He had represented his country at the foundation of the Latin Union of 1865, and at all the monetary conferences held since that time. You know the important part he took in their labors; several of the essays published by him on monetary subjects are also known to you. His love of the public weal, his disinterestedness, and the firmness of his convictions, make it my duty to render a fresh homage at this meeting to the memory of that excellent man who was taken away

¹ See "Exhibits A and B," p. 139.

in the prime of life, and whose premature death was due to over-work.

After having discharged this duty to the memory of a friend I have lost, I wish to call the attention of the Delegates to two questions, hitherto only incidentally noticed, and not figuring in the interrogatories adopted by the Conference; one is the industrial use of the precious metals, the other the repression of counterfeit coining.

The quantity of precious metals absorbed by industry is but very imperfectly known. The learned Dr. Soetbeer is preparing statistics of them, but he has not yet published them, and we are, at present, reduced to conjectures. It seems, however, that the use of precious metals in industry is much larger than is commonly supposed. To ascertain its importance, we may proceed by induction. Dr. Soetbeer and Mr. Horatio Burchard, Director of the Washington Mint, estimate that about 19 milliards of francs of gold have been extracted from the mines. If we add eight milliards representing the stock accumulated prior to 1848, we find that the total amount of gold existing in the world should be 27 milliards of francs. Now, according to the reports of the Consuls of the United States of America, calculations which agree, within a milliard, with Dr. Soetbeer's, there are in all civilized countries only 16 to 17 milliards of gold in circulation or deposited in banks. What has become of the difference, which is 10 milliards in 31 years, or about 300 millions a year? After allowing for hoarding, losses, and wear, there remains a considerable mass of precious metal which must have been annually utilized by industry. Thus, it seems almost certain that the watch-making industry, whose annual production is estimated at 90 millions of francs in Switzerland, and 130 millions of francs in the rest of the world, employs gold up to the amount of about 30 millions of francs every year. It is known, moreover, that the gold ring manufacture at Nuremburg absorbs a considerable quantity of gold. The problem is, therefore, complicated, and its solution is of considerable importance, for, if the industrial use of gold is largely developed, the principle that law alone creates the value of the monetary metals, is evidently weakened; and we may, moreover, on the same hypothesis, ask ourselves from the monometallic stand-point, whether there is not ground for proceeding with the greatest caution to the transition from the double to the gold standard. As to the inconveniences of the fabrication of counterfeit money, and even of counterfeit *good* money, they have been pointed out at recent sessions by Mr. Pirmez and Mr. Pierson, and at the Conference of 1878 by Mr. Léon Say. A commission was appointed in

France to investigate the means of preventing the clandestine fabrication and issue of money. What has been the result of its labors? In England Mr. Goschen, a Delegate at the Monetary Conference of 1878, had had his attention called to the expediency of introducing a Bill empowering the punishment, on return to England, of an Englishman guilty of having fabricated counterfeit coin abroad. This suggestion, however, has not been adopted, and the British Government merely offers to hand over the accused in such a case to the Government of the country on whose territory the crime was committed; but, as many Continental States do not now agree to the extradition of their citizens, there is a risk of finding ourselves under the impossibility of obtaining a conviction in England, and that of a refusal of extradition.

In Spain there are other circumstances impeding the efficacy of repression. The coin is so worn, counterfeit coin has been, consequently, so largely extended, counterfeit coin is so prevalent in that country, and so difficult to distinguish from good, that the Spanish Government, with an idea of equity, had to insert in the revised penal code of 1870 a special clause whereby impunity is insured to those who knowingly put counterfeit coin into circulation, if the amount put in circulation does not exceed 125 pesetas. These few examples are sufficient to prove how desirable it would be to effect an international understanding, with a view to the repression of counterfeit coin.

As a deduction from the foregoing considerations, Mr. Lardy requested the Conference to direct its attention to the two following questions:

1. What is the importance of the industrial use of the precious metals, particularly of gold?
2. Is it possible better to insure the repression of counterfeit coining?

It was resolved that these questions should be printed and distributed among the delegates.

The general discussion of the *Questionnaire* adopted by the Conference was resumed.

MR. LUZZATTI, Delegate of Italy, stated that he had no intention of replying to every part of the eloquent speech delivered at the last session by Mr. Pirmez, nor of following the Delegate of Belgium, to whose ability he was glad to pay homage, into the regions of theory.

He merely proposed, from the standpoint of facts, to show that

the economic optimism of his honorable opponent did not rest on an entirely accurate judgment of the situation.

According to Mr. Pirmez, said Mr. Luzzatti, the gold monometallist States are perfectly satisfied with the present state of things, no complaint being there heard, no apprehension manifested. As to the silver monometallist States, such as British India, Mr. Pirmez admits, indeed, that they have to contend with somewhat serious difficulties, but, in his view, those difficulties are solely of a financial, not of an economic character. Lastly, the limping-standard States, particularly the Latin Union, are much less imperiled, according to Mr. Pirmez, than they imagine, by the depreciation of silver, and their very interest should lead them to maintain the *status quo*, and afterwards to move further in the direction of the single gold standard.

Is it true that the general situation is so favorable as Mr. Pirmez asserts? To speak first of England, is it true that that country is so fully, so universally convinced of the excellence of its present monetary system? How is it, then, that eminent men, leading financiers of Great Britain, are beginning to feel serious doubts on this point, and to express them publicly? How is it that an ex-governor of the Bank of England, Mr. Henry Gibbs, who was a Delegate of Great Britain at the Monetary Conference of 1878, who came there a monometallist and went away a bimetallist, now publishes, with the sanction of the present governor of the Bank, a very remarkable pamphlet, in which the superiority of the bimetallic system to the English system is affirmed? How is it, that the Liverpool Chamber of Commerce, representing one of the leading centers of English industry and commerce; how is it, that the manufacturers of Lancashire are memorializing the British Government for the establishment of universal bimetallism as best responding to the interests of English commerce? I do not exaggerate the importance of these demonstrations, but I hope the Delegates of Great Britain will be good enough to enlighten the Conference on this question.

As regards British India, the losses resulting from the maintenance of the single gold standard in England are beyond question; it is also certain that the commerce of that country strongly desires the rehabilitation of silver. Mr. Pirmez, however, denies that the question is as interesting as is imagined for India. He acknowledges, indeed, that the depreciation of silver makes the Indian Treasury lose considerable sums, but he does not admit that Indian commerce really suffers from the fall in exchange at London or Calcutta and Bombay, that fall in exchange being compensated by

a corresponding rise in selling prices. This reasoning, however specious it may be, can not be accepted. The position of India toward England, is really the same as that of countries having forced currency paper money toward countries with a metallic currency. As the rate of exchange in countries doomed to the paper money system undergoes rapid and considerable oscillations, and as the trader can not, therefore, exactly foresee, at the time of delivering the goods, what will be the amount given him in payment, he is obliged to guard himself against that risk, either by requiring cash payment or by swelling the prices, either of which is a serious impediment to the development of business. It is just the same in countries which, like British India, have a depreciated metal, such as silver, as the single standard. The situation of these latter countries is even more serious than that of States having forced currency. The latter may succeed in limiting the depreciation of paper by wise financial administration, by great moderation in the amount of issues, by a skillful development of their economic resources; whereas, a State having a single silver standard is now doomed to undergo the effects of the rapid, unforeseen variations in the price of that metal, variations depending not on its own decisions, but on the vicissitudes of foreign legislation.

In support of this assertion, Mr. Luzzatti referred to a memorandum of the Government of British India of 1876, and to a document by Mr. Chapman, Administrator of Indian Finances, published in June, 1880. He also quoted a remarkable work in which Mr. Seyd showed that England's commerce with single silver standard countries represents three-fourths of her aggregate commerce. Mr. Seyd pointed out the grievous consequences of this state of things, and did not hesitate to declare that trade with countries having a metallic currency in silver was now tantamount to trading with countries having depreciated paper money. The use of a debased metal as much impeded commercial transactions as excessive customs duties, for it falsified the very institution of money.

What, indeed, continued Mr. Luzzatti, is the justifying cause of its use? The twofold quality it possesses; on the one hand, the comparative fixity of its value, on the other, its aptitude, by reason of the material composing it, for maintaining parity between its legal value and its intrinsic value. If coin be deprived of the first of these qualities, it ceases to be money; it becomes merchandise; it is merely, as has been remarked, a kind of paper money that rings when it strikes another object. The consequent depreciation has always serious results, but it is especially disastrous when it so occurs as to dislo-

cate the mutual relations between the various parts of a single country, or between a mother country and her colonies. The Netherlands thoroughly understood this, and, therefore, maintained a uniformity of monetary system between themselves and their distant possessions. By pursuing a different course, by remaining gold monometallist in face of India, who is silver monometallist, Great Britain has exposed India, and has exposed herself to industrial and commercial sufferings of which she is beginning to feel the effects.

If from England we pass to Germany, we meet with a monetary situation at least very precarious. The Honorable Mr. Pirmez declares, with his wonted optimism, that in the German Empire there is no desire for any change in the present monetary legislation. It is always very difficult and delicate to tell whether a great country is satisfied with its monetary legislation or not, for even in the region of scientific inquiries the means of ascertaining the true state of things is far from being infallible. Certain indications, however, allow us to affirm that in Germany opinions are more and more divided between monometallism and bimetallism. It is even evident that the latter system is daily gaining ground. It musters important economic authorities, whose names it is enough to quote: MM. Wagner, Schaeffle, Lexis, Arendt. It has been defended in the Reichstag by several deputies, particularly by one of the leading members of that body, Mr. Von Kardorff; it has been expounded and applauded at numerous public meetings, and by the German agriculturists at their annual congress. Lastly, a symptom more significant than any other, Prince Bismarck himself seems to have conceived doubts of the value of the gold monometallic reform decreed ten years ago by the German Government. He had not, it is true, taken direct part in the last discussion carried on in the Reichstag on the monetary question, but he intimated, through the Secretary of State of the Imperial Chancery, that the Government meant to keep in an observant attitude, and that he was an advocate of the *status quo*. What means such a declaration in a country which, like Germany, first adopted the single gold standard and then suspended the demonetization of silver? It means that the Government is perplexed; that it is asking itself whether it has entered on the right path; that it hesitates to go further on that path; that it does not venture upon the completion of its monometallic reform. What is the result of this? The temporary retention for thalers, at their full paying power, in Germany, like five-franc crowns in the Latin Union.

As to the motives which inspired Prince Bismarck with this resolution, nobody can doubt what they are. He indicated them in the discussion to which allusion has just been made, when the interpreter of his views compared the mass of gold in circulation in the world to too scanty a blanket on a bed occupied by two persons. Each desiring to pull the blanket over himself, the result will be that the mass of gold will become more and more insufficient, according as the movement of exchange increases; it will prove totally insufficient whenever the States now employing forced paper currency money resume specie payment. Prince Bismarck foresees this, and is anxious at once to guard himself against the dearth of gold.

This fear is also felt by science—that true economic science which does not live on theories, but is nourished on facts. The dearth of gold is an eventuality menacing the civilized world. It is hoped to ward it off with the produce of gold mines. The production of those mines is not increasing; it is rather diminishing, as testified by Dr. Soetbeer in his last pamphlet, entitled, “*Statistik der edelmetalle in jahren 1876–1880.*” Even assuming that it is increasing, one fact which must be noted is that the distribution of the extracted metal is no longer the same as formerly, and would not allow Europe enough of the yellow metal to enable the States having a paper money circulation to return to a metallic currency, or double standard States to adopt the single gold standard. The three great gold-producing countries are the United States, Russia, and Australia. Now, the United States, since the resumption of specie payments, absorbs all the gold they produce; Russia sends part of the produce of her gold mines to Germany, another part to Central Asia, and keeps the rest for the payment of customs duties in gold and of her foreign debt. As to Australia, formerly able to send her entire production to Europe, she is already beginning to absorb part of it; and in view of the marvelous rapidity with which this second new world is growing, we may foresee the time when it will furnish to Europe only an insignificant fraction of its precious metals. If account, moreover, be taken of all those accessory causes constantly tending to diminish the quantity of gold in circulation, and so properly pointed out by the Delegate of Switzerland; if we think of the waste caused by cost of manufacture, by wear, or by industrial uses, which are very considerable, we perceive that before long Europe may have to suffer from a veritable gold famine. I abstain from importing into the discussion the anticipations of eminent geologists like Mr. Suess, who regard the

quantity of gold still hid in the bowels of the earth as comparatively small.

Certain economists, it is true, offer several replies to that prediction. In the first place, they say that if the yellow metal becomes scarce its price will rise, but that of merchandise will proportionately fall, and that an equilibrium will thus be re-established on fresh bases. But this re-establishment of equilibrium, so easily assumed in a speech or book, what is its real name? In reality, it is styled a crisis; that is to say, ruin for the manufacturer, distress for the artisan, universal uneasiness and suffering.

Some economists also object that if gold should fail, the less wealthy States will content themselves with silver as a medium of circulation, while the countries more advanced in civilization will keep the yellow metal. But is it to be supposed that the States thus sought to be reduced to the use of silver will accept this kind of condemnation? Is it thought that the Powers still under the paper money system can resume a metallic currency with silver alone? In Austria-Hungary, in 1879, the silver florins, as international money of exchange, were below paper money; so it would be with all the States which have a forced currency if they should try to return to a metallic currency without gold money; they would be again reduced to the same situation, the same state of suffering, as under the depreciated paper money system, but they would not suffer alone, for the interests of all nations are now bound up together.

It is remarked, also, that institutions of credit when much developed may, to a large extent, take the place of monetary circulation, and that it is possible that the civilized nations might, with a more and more restricted stock of money, effect exchanges of increased amount. This is true, but it must not be forgotten that if institutions of credit are valuable instruments of circulation, they likewise present very serious dangers. The instruments they issue represent, or assume a value, but do not constitute one; they do not create it any more than a photographer increases the population by multiplying portraits. The fiduciary circulation is, therefore, essentially limited; its development depends on the parallel development of the wealth it helps to express, of the corresponding increase of the metallic stock serving as its guarantee. It could not, therefore, be inordinately swollen without risk of one of those catastrophes but too familiar to the commercial world, and on the memories of which it is needless to dwell.

All these considerations lead up to the same conclusion; Europe

requires gold, will require it more and more, and yet European gold is passing more and more to America. Mr. Pirmez, it is true, denies this kind of drain of European gold to the New World, but that drain is a certain fact. Do you wish for a proof of its intensity? While in 1879 and 1880, the consignments of coin from Europe to the United States were made only at the end of the year for the settlement of accounts, in 1881, in the first three months alone, $2\frac{1}{2}$ millions sterling of gold were dispatched from England to America, while other millions were exported during the same period from France and Germany; nor must it be imagined that this movement will slacken. European gold will, from day to day, be more drawn to the United States, and will remain there longer than Mr. Pirmez believes. The United States will have need of it to complete their great reform, the resumption of specie payments. They have still to withdraw from circulation their notes of the State, which represent a sum of 1,700 millions of francs, and which, though deprived of the privilege of forced currency, they have not reimbursed. For this operation, they will require gold; they will require it also for all the new enterprises yearly being multiplied on their still virgin soil. The United States are a world of giants, whose development marks, as it were, a new era for mankind. Their progress is marvelous, unprecedented, defying calculation, as well as comparison. Their population has increased by 12 millions in the last decade; their territory is being covered with new towns; their agriculture, which brings millions of hectares under cultivation in a single year; their industry, which is daily growing in unheard of proportions, are becoming, for Europe, a menace and a danger against which a number of States of the old continent are trying to protect themselves by means of customs tariffs.¹ Is it supposed that such a country will, before long, send back to Europe the gold it receives? No doubt, it will not hoard it, but it will keep it; it will use it to feed all its new enterprises, just as Europe, from 1850 to 1860, utilized for her great industrial and commercial development, the enormous influx of California gold then glutting her monetary market. No doubt, the laws of international exchanges are such as Mr. Pirmez has stated, but, in the present case, we must foresee the obstacles which would prevent their regular

¹ Here is an example of the rapidity of the development of industry in the United States: the production of pig iron in 1867 did not exceed two million tons; last year, it was four and a quarter million tons.

working; we must, especially, take account of the increase of customs duties, which in the United States impede the free operation of those economic laws.

In view of this exodus of gold, already so perceptible, and destined to become more and more marked, it would be a supreme imprudence for Europe, and especially for the Latin Union States, not to take measures for raising silver from the discredit into which it has fallen. That metal, as Mr. Pirmez has acknowledged, is eliminated, as it were, from circulation, and doomed to be heaped up in bank cellars. Such is the case in the Latin Union; it is supposed to be the same in Germany, where silver is believed to represent nearly two-thirds of the stock of the Imperial Bank. What is the cause of this barren accumulation of white metal? Is it solely, as Mr. Pirmez says, the repugnance felt by the population to the use of this inconvenient metal? No; it is also the discredit with which it is visited through the legislation of several States. Gold, and even the bank note, is preferred to silver, because it is known that with bank notes gold is obtainable, and that gold is every-where received as international money, whereas silver is only a national instrument of exchange. Give silver crowns the same international debt-paying power as gold coin, and you will immediately see them emerge from the bank cellars. Silver, if rehabilitated by legislation, will resume its place in monetary circulation, not only in Europe, but in the United States, for it is not quite correct to say that the new dollars manufactured by virtue of the Bland Bill are rejected by the American public. Out of 82 millions of dollars which have been coined, 66 have entered into circulation, 29 in specie, while 37 are represented by warrant notes, exclusively repayable in silver, and known as silver certificates. There is no justification, therefore, for asserting that silver does not circulate in the United States; it already circulates there, and will circulate further whenever the Federal Treasury calls in the small notes—the one and five dollar greenbacks. And it would assuredly circulate with greater rapidity the day when it recovers its character of international money.

A last objection has still to be answered. Gold monometallists, and Mr. Pirmez among them, state that the double standard in France was never more than the alternative standard, the inferior metal having driven out the better. This is true; but a German writer of great weight, Mr. Lexis, affirms that France did not thus lose as much as is imagined, for if she was paid in depreciated money, she paid also in the same money, whenever the operation

was effected on her territory. The prices of the merchandise she exported were settled by the rate of the less dear money, and by amassing the more precious money, by dispatching it wherever it possessed the greatest purchasing power, France succeeded in developing her imports. It is important to note the fact, for the monetary situation of France is the reduced image of that of a great bimetallic union, comprising the most powerful States on the globe, such as England, France, the United States, and Germany. No doubt, even with a widely extended bimetallism, you would not avoid deviations occurring between the value of the two metals, inasmuch as money is an equivalent, as well as an instrument of exchange. Monetary laws, by inducing a greater demand for certain precious metals, increase their value, but the monetary use of these metals is enforced on mankind by reason of the intrinsic qualities with which they alone have been endowed by nature. The acceptance of bimetallism by a very large number of States, would, however, have the effect of limiting the fluctuations, and mitigating their grievous consequences. The past sufficiently answers for the future on this point. If, in 1850, on the invasion of California gold, gold had been made mere tokens, as certain economists demanded, who can say what fall that metal, thus deprived of its monetary function, would have undergone? It retained, however, nearly all of its value at that time, owing, especially, to the action of French legislation, and to the economic strength of France. These two causes combined, acted as a great compensation balance.

To sum up, if gold monometallism be the supreme truth, all nations will adopt it; there will be, so to speak, well-clad nations and naked nations, and fearful crises will occur. If it be otherwise, sufferings, the existence and gravity of which can not be denied, impose on Governments the duty of seeking a remedy. Now, that remedy can not consist in the maintenance of a state of things which makes debased silver flow to the less wealthy nations. The remedy will be discovered only in the putting in force of organic laws, which are really written reason, and the expression of the necessary relations of the precious metals, whatever should be the measure of those relations, a question which is not at present under discussion.

MR. FREMANTLE, Delegate of Great Britain, wished to make reservations respecting the character of the pamphlet recently published by the ex-governor of the Bank of England, Mr. Gibbs,

with the approval of the present governor, and from which Mr. Luzzatti had drawn an argument in favor of the bimetallic doctrine. Undoubtedly, Mr. Gibbs and the present governor of the Bank of England enjoyed an exceptionally high position in the commercial world, but they would be the first to acknowledge that, in the pamphlet referred to by Mr. Luzzatti, they had not claimed to express the opinion of the Bank of England, still less public opinion in Great Britain.

SIR LOUIS MALLET, chief Delegate of British India, said he proposed, hereafter, to make known to the Conference the views of the Indian authorities on the question of the depreciation of silver. He would confine himself, at present, to observing that Mr. Chapman's memorandum, to which Mr. Luzzatti had referred, had no official character, and contained only the expression of the writer's personal opinion. It should, however, be added that that opinion was entirely shared by several of his colleagues of the Indian administration.

MR. DE THOERNER, Delegate of Russia, thought that at the point the discussion had reached, the time had come for quitting the purely theoretical ground, and seeking the practical solution of the questions submitted to the Conference. In the interesting discussions which have already taken place, said Mr. De Thoerner, each of the extreme systems has found brilliant champions, but can a result be arrived at by the application of absolute principles? Must we, as the gold monometallist school assert, employ gold to the exclusion of silver, as the sole agent of monetary circulation? Is there no redemption, as argued by the bimetallists, on the other hand, except in the arbitrary fixing by the legislator of the ratio between the two metals? Is there not a third question to be raised, a third solution to be indicated? Can not we deduce some general conclusion from the propositions developed here in behalf of his Government by the chief Delegate of Germany?

It is assuredly certain, setting aside other sides of the question, that one measure is better than two, and one standard better than two; it seems also indisputable that gold possesses, in a superior degree, the qualities necessary in a metal employed as money. It is preferable to silver, just as railways are preferable to roads and bye-ways; but it does not follow that silver should disappear any more than the superiority of railways over roads should involve the destruction of the latter. Were money solely a standard, a

measure, there would be an advantage in using a single metal, and that the best; but it is also an instrument of exchange, having an intrinsic value, and the requirements of the public demand that that instrument of exchange should be placed in sufficient quantity at the disposal of the public. Now, is that condition, at present, fulfilled? Could it now be so with gold alone, if the entire exclusion of silver from circulation were arrived at? Could it be so especially in the future? It would be difficult to reply to these questions in the affirmative. To deny the dearth of gold, is almost denying daylight; and this dearth will probably increase, for, from the monetary standpoint, the resumption of specie payments by Italy, Austria-Hungary, and Russia, threatens Europe with a serious danger. It can be warded off only by reverting, at least partially, to the use of silver, which the Western World has sought too suddenly to dispense with, by an effort which has brought vengeance upon its authors. It is not a question, of course, of abandoning the gold standard, which would be marching backwards in civilization. Nor is it a question of establishing that fixed and immutable ratio of $15\frac{1}{2}$ between the two metals which Mr. Cernuschi proposes to decree. Mr. Pirmez has clearly demonstrated the inconvenience and danger of such a system. Its promoters appear to forget that money has not merely a legal, but an intrinsic value, and that by giving it a legal value much higher than its intrinsic value, there is a risk of reducing it to the rank of paper money.

The true practical means of rehabilitating and utilizing silver, is to enter on the path opened up by the proposals of Germany. Those proposals have an important practical bearing; they have, perhaps, a still greater scientific and theoretical meaning. In what do they consist? In three points. Firstly, suspension of the sale of silver; secondly, substitution of silver money for small gold coins; lastly, replacement of silver small-change tokens by silver coins having real value, and coined of the same fineness as the full legal-tender money.

In order to appreciate the advantages offered us, we must first define what is the aim to which our efforts should be directed. Is it simply to cause a rise of silver in order to enable the treasuries of various States to dispose with less loss of the stock of that metal still incumbering their cellars? Is it not rather to effect a better distribution of the two metals, to enable us to dispense with gold where it is not indispensable, in order to place a sufficient quantity of it where it is really necessary, namely, in the reserves of banks?

In substituting silver money coined at its real value for small gold coins, this is precisely the end we attain. The effects which might be expected from this mode of procedure would even be very important if it were decided to extend this measure to the gold coins corresponding to ten-franc and ten-mark pieces. If the majority of the European States resolved on adopting that measure, this would neutralize half of the perils with which the dearth of gold is threatening Europe for the future. Reckoning that the three great European States still under the paper money system, Russia, Austria-Hungary, and Italy, represent altogether 155 millions of people; estimating at 35 francs per head the average amount of gold money to be put into circulation,¹ we see that $5\frac{1}{2}$ or 6 milliards of francs in gold specie would be needed by them if they are to return to the metallic system. Now, half that sum would be found if the gold pieces equivalent to ten francs and below it were transformed in Europe into silver pieces; Germany would thus leave available half a milliard of francs in gold; France and all the other metallic countries about a milliard and a half; lastly, Russia, Austria-Hungary, and Italy, would need a milliard less.

Such may be the practical result of the proposals of Germany; from a scientific standpoint they have a not less important bearing. The gold monometallist theory rested on two axioms; it laid down, on the one hand, that gold must be coined in the smallest possible subdivisions, and, on the other, that silver must be absolutely excluded from circulation or admitted only in the form of subsidiary tokens. The proposals just made by Germany, impelled doubtless by the force of events, are the very negation of these two essential points of this monometallist monetary theory. They flow, on the contrary, from the two-fold principle, that there is a certain limit below which it is not fit to carry the subdivision of gold, and that the gold standard in no way excludes the circulation of silver by the side of gold, but, on the contrary, requires it. In this way we revert to the old historical tradition which gold monometallism attempted violently to destroy; we revert to bi-metallism with one standard of value, which was, formerly, silver, which would now be gold, but which, far from eliminating silver, would insure it a constant and regular employment in the internal circulation of each State.

¹ The gold circulation of Germany is estimated at 32.22 marks per inhabitant. (See the pamphlet, "Die Währungsfrage in Deutschen Handelstage," Berlin, 1881, p. 16.)

Would it be possible to go further in this path? Could we extend to international exchanges a system of bimétallism with a gold standard and give silver a place in the foreign circulation? To succeed in this, it would, perhaps, seem expedient to coin an international piece, or rather to consider silver from the international standpoint as a stock exchange security (*valeur de bourse*), whose rating in relation to gold would be periodically fixed, either according to the average market rates or by virtue of an understanding between Governments. Silver would thus be considered between one nation and another, not as a standard of value, but as a simple instrument of exchange. It would be, in fact, a kind of circulating ingot, with this difference, that it would retain the supplementary value added by mintage to its intrinsic value, and would be guaranteed against the chances of an extreme and sudden fall by a kind of international minimum.

This, however, is a question not yet perhaps ripe, and which it is enough to notice in passing. What it is important at present to deduce from this discussion is, that no extreme system is in possession of absolute truth. Bimetallists are right in desiring the circulation of the two metals, but they are wrong in desiring arbitrarily and by decree to give an immutable value to silver. Monometallists are wrong in desiring to drive silver altogether out of the monetary market, but they are right in exclaiming against the pretention of their opponents to regulate the mutual relation of gold and silver. The Conference of 1878 will have had the result of reacting against one of these fallacies, and of rehabilitating silver in public opinion; it appertains to the present Conference to lay down the rule that silver has its settled place in the internal circulation by the side of gold, and to seek in the path opened up by Germany the fittest means of insuring the practical application of that principle.

COUNT RUSCONI, Delegate of Italy, delivered the following address:

Mr. President, and Delegates—I shall not make a speech. I shall only offer some observations on the speech delivered a few days ago by our honorable colleague, Mr. Pirmez.

In his brilliant discourse did he not overlook one circumstance? Did he not omit taking into consideration one fact, one conviction, which has seized on the minds of thinkers, and has effected a multitude of conversions to bimetalism, the conviction that gold is not sufficient for carrying on all the affairs of mankind?

Yet it is this consideration which has made several who hitherto supported the doctrine he has so brilliantly defended, pass over to the other camp; "pass over to the enemy," as Mr. Gibbs says. Now, is not this fact of extreme importance, and without a universal upset of all prices, all existing economic conditions, could we adhere to the doctrine of having only gold as money?

Mr. Pirmez has drawn a flattering picture of the monetary conditions of Europe and America. We are imaginary invalids, he says, or rather we are quite well, and it is only too zealous friends who come and tell us, "Look out; take care of yourselves, you are not in good health." "What!" we reply, "we are not in good health? But we feel ourselves, on the contrary, quite strong; what are you talking about?"

Is this view, however, a sound one; is it consistent with facts? Is there not in England a remarkable movement in favor of bimetallism? Is not India complaining of the millions of rupees which the monetary legislation of the mother-country cost her every year? Has not Germany's reform been suspended midway? Has not the limping-system of the Latin Union created a host of inconveniences?

"But," Mr. Pirmez tells us, "wait a moment; look at what is happening with the Bank of France; is it not demonstrating the very reverse of the Sieve of the Danaides; is not all the silver flowing back which it was sought to take away? Has not the Bank of France 1,200 millions of silver pieces? What plainer proof that people will not have silver; that the circulation rejects it?" What! $3\frac{1}{2}$ milliards of silver money have been coined? about $2\frac{1}{2}$ milliards are circulating quite well in France, and accepted by everybody, especially in the country, yet, because there is one milliard buried in the bank cellars we are told people will no longer have silver!

Mr. Pirmez tells us, "Your $15\frac{1}{2}$ is an arbitrary ratio; legislate as much as you like, public opinion will override your laws; above your laws, governments, and assemblies, there is the public; there is some one who has more *esprit* than M. de Voltaire, namely, all the world."

But are we not entering here on the everlasting question of money? Would not all discussion be at an end if we agreed once for all on the definition of it? Is money a merchandise? If the answer is yes, bimetallists are wrong, and nothing would be more absurd than to desire to fix a constant value between two kinds of merchandise. But if money is not a merchandise, if it is only a creation of law which makes and unmakes it at pleasure, why

may not law, which makes money, fix also a ratio of value between two different moneys?

I, of course, accept $15\frac{1}{2}$. Why? Because it exists; because it has worked well for a hundred years, whatever the production of mines; because I do not want to demonetize eight or nine milliards of silver money, or acknowledge a principle which would compel me perpetually to repeat the operation by fixing the ratio according to the quantities of the two metals. It is nature which, in the long run, undertakes the equilibrium; if there are deviations from time to time in the production of one of the two metals, the aggregate production of both (statistical tables have proved it) follows a regular and uniform march. I, therefore, accept $15\frac{1}{2}$, just as I should accept 16 or 20 if it existed. When we were flooded, some years ago, with five milliards of gold coming from Australia, California, and Russia, did the circulation feel it? Not the least in the world. It is now the turn of silver. Well, that will pass by as gold passed by. I accept, therefore, $15\frac{1}{2}$.

Our honorable colleague's ideal is the single gold standard system; but did he not himself join in the Declaration of the Conference of 1878, in which I had the honor of being his colleague, which stated that it was not desirable that silver should be disused; that it was necessary, on the contrary, to maintain in the world the monetary function of silver as well as that of gold. And, indeed, would not what has happened to silver have happened just the same to gold, if adopting the idea of an illustrious economist, whom we have unfortunately lost, it had been demonetized? The two metals form but a single monetary mass. "There are white grapes and red grapes," said a wit, "but the juice extracted from them is always wine." There is white metal and yellow metal, but what is made of them is always money; take one away, and you will derange all prices; it will be impossible for any country having forced paper currency to emerge from it. You will have divided one-half of mankind, whose only money is silver, from the other half, which has only gold, and there will be no means of their agreeing. You will simply force them to resort to barter.

As to the intrinsic value of the metal so often spoken of, to what is it reduced, and in what proportions does it enter into the composition of the value of money?

I have here a purse, and I have skates, but if the law decrees forced paper currency, if nature no longer freezes the water, what becomes of the intrinsic value of my purse and my skates? In metallic money there is certainly an infinitesimal portion of the

value it represents, but close the doors of the mints to the metal composing it, and you will have the exact measure of its so-called "intrinsic" value.

Ricardo says that money, in its most perfect form, is paper, but on condition of its value being guaranteed by deposited ingots. We may accept Ricardo's theory, while considering the deposited ingots as a guarantee of quantity, not of value. The productions of nature have limits, those of man may have none. I accept, therefore, the guarantee of ingots, but only for quantity; that is to say, in order to be sure that I shall not have *assignats*. As to value, ingots guarantee scarcely any thing.

Money is not a merchandise. What characteristics has it in common with merchandise? Has it not forced currency? Is its price discussed? Is it bought? Is it sold? Has it a market? What, then, are the characteristics in which it resembles merchandise?

As to the double standard, Mr. Pirmez, in one of those remarkable speeches of which he is such a master, has also said that the dynamics of values do not differ from those of bodies. Take, he said, two bodies animated by different motions, and fasten them together, you will obtain a uniform motion, but what one will gain the other will have lost. I reply, what matters it if the quantity of motion is not diminished, but remains still the same? What matters it that silver rises and that gold falls if the metals form but a single monetary mass?

To sum up, gold is not sufficient. The monetary conditions of the world cause serious disquietudes; we have a proof of it even in our meeting together. The example of the Bank of France does not stand for much; there can be no idea of altering the 15½; money is not a merchandise. If deviations occur in the production of one of the two metals, when looked at separately, those deviations cease as soon as you add together the two different productions. To proscribe one of the two moneys would be tantamount to abolishing money and turning the course of mankind three thousand years back. I would suggest, therefore, that the whole discussion should henceforth turn on and be confined to the definition of money, from which might flow results of which a very accurate idea is not yet perhaps formed.

MR. BURCKHARDT-BISCHOFF, Delegate of Switzerland, delivered the following address:

Mr. President, and Gentlemen—It appears, from the Declaration

made to you by my honorable colleague the Minister of Switzerland, that the attitude recommended by the Federal Council to the Delegates who have the honor of representing the Swiss Confederation in the International Monetary Conference, is an expectant policy; that they must not take part in any vote, but that their mission is to listen, to report, and to ask for fresh instructions from the Federal Council before pronouncing on any proposition which may be submitted to the Conference; but, in giving them these instructions, the Federal Council in no way intended to forbid its Delegates to take part in the discussion of the interesting questions which occupy the Conference. It is from the exchange of ideas that light will emerge; and even supposing that the Conference now assembled will produce no immediate results, its labors will furnish valuable elements for a solution which the future, I hope, reserves for us. It is with this view that I wish to submit to the Conference a few observations upon the question before us; observations which represent merely my personal views, yet which are consistent in all points with the policy which Switzerland has always advocated in monetary matters.

Allow me, in the first place, gentlemen, to join in the homage paid by my colleague, Mr. Lardy, to the memory of my regretted friend and predecessor, Mr. Feer-Herzog, who represented Switzerland at all the monetary conferences which have been held since 1865, and whose great ability and thorough knowledge of all the elements of this complicated question, combined with an unrivaled capacity for labor, have been generally acknowledged and appreciated even by those not sharing, on all points, his economic opinions.

Gentlemen, I possess neither the talent nor the extensive knowledge, nor the eloquent speech of Mr. Feer-Herzog, and if the Federal Council has done me the honor of associating me with the Minister of Switzerland and his colleagues, in representing the Swiss Confederation in a gathering composed of so many men distinguished by their acquirements and labors, it was because it had this idea, that the part of a country like ours can only be a humble one, and that our mission will be, not to propose bold measures imbued with genius, but rather to support, to the humble extent of our ability and light, the wise and intelligent ideas which will be enunciated by more competent and influential men.

For my own part, I am thoroughly convinced that the monetary policy inaugurated by the Latin Union in 1865, with the co-op-

eration and support of our colleague, Mr. Feer-Herzog, has been a wise policy; that it has yielded as good results, and that the successive restriction and ultimate entire suspension of the coinage of silver have alone preserved the States of the Latin Union from seeing all their gold disappear from circulation and replaced by silver coin.

Very cogent reasons would, therefore, be necessary to induce us to abandon that policy, and to re-open our mints to the unlimited coinage of silver. Do such reasons exist? It is this which it behooves us scrupulously to examine.

Let us first look at what science says, and next approach the question as it presents itself to practical men; men experienced in and accustomed to financial affairs.

My honorable neighbor, Mr. Cernuschi, says that law makes money; that the State determines its value; that it is in the power of the State to confer simultaneously on both metals the character of money, and to fix, in a durable and obligatory manner, the ratio which should exist between the value of gold and the value of silver.

Now, that is what we dispute. The State, by affixing its stamp to a disk of gold or silver only testifies to the weight and fineness, and gives it a name. That name conferred by the State is, moreover, the primary cause of the confusion existing as to money, and of all the pernicious measures which have resulted therefrom.

If the unit of the French standard, which is 5 grammes of silver, 9-10ths fine, had no other name than 5 grammes of silver, it would be invariable; 5 grammes of silver, 9-10ths fine, would remain to all eternity 5 grammes of silver. Law and the State would have nothing whatever to do with it; nothing to add, and nothing to take away; but law has conferred on this unit the name of franc. The franc now represents indiscriminately either a disk of silver of 5 grammes, 9-10ths fine, or a disk of gold of a weight whose proportion to silver is 1 to $15\frac{1}{2}$. This is the effect of law, and this has been the cause of the monetary confusion which has lasted for centuries, and still subsists.

When the value of gold increased in relation to that of silver, the State diminished the weight of gold forming the monetary unit; when the value of silver increased, the State diminished the weight of silver. In the course of centuries, the weight of coins has thus been constantly diminished and deteriorated, the name, it is true, remained the same; the monetary unit was still called the livre till the day when its name was altered by the law of the

year XI. to that of franc; but the livre was no longer a livre, it had diminished and diminished till it had been reduced to a mere fraction of the original livre. This was a profit to the government which manufactured the money; it was profitable to debtors who discharged their debts by means of a weight of silver or gold below that which had been agreed on; but all these profits were made at the expense of the mass of the population. We see the last instance of such a diminution of the weight of money in France applied to gold in the king's Declaration of the 30th October, 1785, as reprinted in the documents annexed to the Minutes of the International Monetary Conference of 1878. It was that royal Declaration which instituted the legal ratio of $15\frac{1}{2}$ between gold and silver, which was afterwards adopted by the law of the 17th Germinal, year XI., and forms to this day the basis of the monetary system of France and her allies.

It results from the foregoing that it was law which, by conferring a name on the piece of money, was the instrument of the successive debasements of the coinage which we have seen in the course of centuries, and that so far from establishing the value of money in a fixed and durable manner, law, or rather a bad application of law, has, on the contrary, impaired and falsified the value of money.

I think, moreover, that the single standard principle, as a basis of a nation's monetary system, is generally accepted by science. It is acknowledged that as the monetary unit consists of a disk of gold or silver of a given weight and fineness, there can not be in theory two independent units, one in gold the other in silver, having an equal value, compared with each other. This is acknowledged by all economists as an absolute scientific truth, but a certain number of them dispute its opportuneness when once it is a question of putting it in practice.

Let us now look at the practical side of the question; let us pass from the region of theory to the region of facts.

Gentlemen, I was formerly a banker. For 20 years I was first the head of a banking firm, and afterwards at the head of one of our institutions of credit. I have now retired from business, and I seek no other interest in this question than the general interest of the country, and the interest every thoughtful man must feel in so important a question, which both appertains to science and exercises a paramount interest on the economic organization of society and of the march of business.

I have maintained permanent relations with our financiers in

Switzerland, and have sought to ascertain their opinions on this subject. I must tell you that the question is much controverted among us, as elsewhere. We have among our bankers warm advocates of the re-establishment of the silver circulation; we have some who defend the *status quo* and clamor for the gold standard. There is, however, one observation to be made. These gentlemen are not always disinterested in the question. It is clear that those who trade in the precious metals have a pecuniary interest in the maintenance or re-establishment of the double standard, which is a lucrative source of operations for them, and one involving no risk. It is proper, therefore, to accept, with a certain reserve, their complaints and demands, which we may suspect of being influenced, to a certain extent, perhaps unconsciously, by motives of private interest.

So much for our financiers in Switzerland; let us pass to those of Paris.

I have the advantage of keeping up excellent relations, both of old and recent date, with a certain number of leading bankers at Paris, and I have endeavored to see the way in which they look at this question. I must acknowledge that here again opinions seem somewhat divided, but my impression is that the cause of the single gold standard has for some years been making progress among leading bankers.

I have been much struck by the observations, full of truth and precision, made to me by a man occupying a very high position in the financial world, and at the head of one of the chief institutions of credit in Paris, inferior in importance only to the Bank of France.

Well, speaking of the monetary standard, this gentleman said to me: "This is, above all, a question of honesty. If I lend a merchant 155 kilogrammes of silver, honesty requires him to return me 155 kilogrammes of silver. If I lend him 10 kilogrammes of gold, honesty requires him to return me 10 kilogrammes of gold. But it is not honest for the law to give my debtor the option of returning me either 10 kilogrammes of silver or 155 kilogrammes of gold, according to whichever is the most advantageous for him. The law should be just and equal for all, and not arbitrarily favor either creditor or debtor. This is what makes the superiority of the English market in the world's commerce. When I buy a bill of 1,000 *l.* on London, I know that I shall receive as many ounces of 22-carat gold as are involved in the proportion of 3*l.* 17*s.* 10½*d.* per ounce. When I buy a bill of

25,000 francs on Paris, I do not know whether I shall receive gold or five-franc silver pieces, and I do not know at what price I shall be able to exchange the five-franc silver pieces for gold. This is why bills on London are the chief criterion of international operations throughout the world, in India, China, Australia, America, and this is why they are preferred to bills on France. For this reason I myself make all my long-running contracts in pounds, in gold payable at London. The pound is a firm and unchangeable basis, whereas the franc is not.

“Nearly all French Governments, since king Philip Augustus, successively debased the old French livre, and the franc under the double standard system is still liable to debasement; that debasement may even be very appreciable, if we are ever obliged, through a bad harvest or any other unforeseen accident, to pay in silver for purchases made abroad in silver. The franc is a word not representing one and the same article, whether a given weight in gold or a given weight in silver. For every monetary system the essential basis is honesty and truth.”

Such, in few words, is what that financier told me. I think you will be struck, like me, with the soundness, clearness, and precision, of his ideas.

Gentlemen, I am afraid of having already abused your indulgence, but if you will allow me, I should like to offer some observations on two other points which have been alluded to in the discussion we have heard.

These observations relate: 1. To the alleged loss sustained by the German Government through the carrying out of its monetary reform. 2. To the difficulties created for the Latin Union by its stock of five-franc silver pieces.

Mr. Cernuschi has told us that Germany has lost 96 millions of marks through her monetary reform, and that other nations have profited by that loss. He has proposed that these 96 millions should be repaid to Germany by the other nations. Now, I may, first of all, remark that, according to the official documents communicated to us by the Imperial Government of Germany, the difference resulting from the sale of 7 millions of pounds, or $3\frac{1}{2}$ million killogrammes of fine silver, compared with the purchasing price, amounts only to 71 millions of marks, and that the balance of 25 millions arises from the wear of the old coin withdrawn from circulation; that is a loss inherent in every coin currency, and has nothing whatever to do with the monetary reform and the introduction of the gold standard. In any case, therefore, only 71 mil-

lions would have, according to Mr. Cernuschi, to be reimbursed to Germany by the other nations.

But I go further, and I deny that any loss has resulted to Germany from her monetary reform.

We must not in fact overlook that the German mark which constitutes the gold unit, has now a value very different and very superior to one-third of the old thaler based on silver. The alleged loss results from the exchange of the old silver coins for gold on the footing of $15\frac{1}{2}$. Now that ratio is 1 to 18.

To buy a thousand kilogrammes of gold, Germany has paid 15,500 kilogrammes of silver, plus 1,700 kilogrammes, so-called loss on silver; total, 17,200 kilogrammes of silver.

These 1,000 kilogrammes of gold are now worth 18,000 kilogrammes of silver.

There is no loss, therefore, but a profit; and if Germany now wished to repurchase all the silver she has sold for eight years, she might do it at a considerable profit.

The gain in value is not confined to the silver sold and replaced by gold. The silver sold amounts to 7,130,000 pounds, producing a sum of 567 millions of marks. But the whole monetary circulation of Germany, which formerly consisted of silver, and is now based on gold, a circulation which may be valued altogether at about $2\frac{1}{2}$ millions of marks, has profited by this gain in value. Germany's exchange at Paris is now 124 francs per 100 marks. Now, if Germany had still her old silver standard, the exchange at Paris would be 110 or 105 francs per 100 marks. On a monetary stock of 2,500 millions, this would make a difference of at least 300 to 400 millions of marks.

To judge of the results of the monetary reform, it is necessary to consider not only the amount of marks realized, but the value of the mark as compared with the franc.

In my view, all this shows that the monetary reform has imposed no real sacrifice on Germany. I fully agree with the view expressed in the declaration made to us by the Delegates of Germany at a previous session, "That the monetary reform has sensibly improved the conditions of the circulation of that country," and I can not, for my part, but share the opinion enunciated by them, that "Germany's monetary reform is now very far advanced, and that her general monetary situation does not seem to invite her to a change of system."

There remains the second point on which I propose to say a few words, namely, the stock of coined silver existing in the Latin

Union. I agree that this is more serious, and that it has inconveniences for the present and elements of danger for the future.

Nevertheless, as shown by the honorable Mr. Pirmez, in his brilliant speech, the impending abolition of forced currency and resumption of specie payments by Italy must sensibly lessen these inconveniences and dangers by creating a new and vast outlet for the circulation of our silver pieces, and by giving them access to a great country with a population of 28 millions. The silver stock will be spread over a population of nearly 80 millions, in lieu of the population of only 50 millions at present using it.

It is none the less true that this stock of coined silver far exceeds the requirements of the internal circulation of the Latin Union; the people do not like it, and reject it; foreign commerce does not accept these coins at the artificial value attributed to them by law, so that they flow into the public treasuries and great financial establishments, and choke the cellars of the Bank of France.

I think it is expedient to seek a remedy for this state of things. We might convert into ingots a portion of the silver coin rejected by circulation; these ingots would have a fixed weight of 1 kilogramme, 10 kilogrammes, 100 kilogrammes, and would be of the uniform fineness of nine-tenths. They would be deposited in the cellars of the great banks of issue, the Bank of France, Bank of England, Imperial Bank of Germany, and others. In exchange for these ingots, the banks would issue *münzscheine*, or silver certificates, similar to bank notes, but giving a right to one or more silver ingots of a fixed weight, and nine-tenths fine.

These certificates might be either payable to bearer or to a given person, and transferable by indorsement; they might serve as an instrument of exchange, and replace silver coin as far as regards the circulation of silver. They might freely circulate throughout the world like cheques or bills of exchange, without the silver they represent changing its place. Commerce would buy them, and would withdraw the silver deposited at the bank as soon as it had a use for it, whether for the requirements of industry, for trade with Eastern countries, or other purposes.

It seems to me, gentlemen, that this is an idea worthy of being discussed and taken into serious consideration. It may possibly contribute in a certain degree to the solution of the question before us. There will be, indeed, a more or less serious loss on converting five-franc silver pieces into ingots, and substituting the real and commercial value of this stock for the artificial value assigned it by law. But we shall undergo that loss only once, and if we succeed,

even at a considerable sacrifice, in putting a stop to the inconveniences and dangers inherent in the present monetary circulation, and in establishing it on firm and durable bases, I think the result obtained will not be bought too dear, even at the sacrifice of a very considerable sum of money.

These, gentlemen, are the observations which I was desirous of offering to you.

I leave off where I began. Switzerland is a small country; she has, at all times, to a greater or less degree, made use for her internal circulation of the money of her neighbors, now German, now French. Since 1850, she has had the French monetary system, and has openly rallied to the monetary policy of the French nation. This same current afterwards induced the formation of the Latin Union. Switzerland asks nothing better than to continue in the same path, and to act in concert with France and her other allies on the monetary question.

This situation makes it incumbent on us to co-operate to the extent of our light and experience in the study of the great, complicated, and vital questions now before us. It is to contribute towards that task that I have allowed myself to offer you the foregoing observations. I thank you for having received them with courteous attention.

MR. CERNUSCHI, without intending to reply to Mr. Burckhardt-Bischoff's speech, was anxious to recall that, contrary to the estimates of the honorable Delegate of Switzerland, the German Government had really lost 96 millions of marks through the carrying out of its new monetary system. The Imperial Chancery itself testified this in the memorandum which had been distributed at the Conference, and the profit of quite a different nature, which the German Government might at the same date have realized on the manufacture of small change, could not be logically reckoned as an off-set.

The discussion was adjourned to Thursday, 12th May, at 1.30 P. M.

The Session concluded at 5.30 P. M.

EXHIBIT OF THE FOURTH SESSION.

EXHIBIT A.

(Presented by the DELEGATES OF THE NETHERLANDS, page 000.)

I.—STATEMENT OF THE COINS OF GOLD, OF SILVER, OF COPPER, AND OF BRONZE, COINED BETWEEN 1840 AND 1880, FOR CIRCULATION IN THE NETHERLANDS AND IN THEIR COLONIES, AT THE MINT IN UTRECHT, AND IN THE ESTABLISHMENTS CONNECTED WITH IT.

YEARS.	Legal Tender.				Fractional Coin of Silver, Copper, and Bronze for the Netherlands.								Fractional Coin of Silver and Copper for Dutch India.						Number of Pieces Coined per Year, or per Period of Ten Years.	Nominal Value Coined every Year, or per Period of Ten Years.
	Pieces of 10 Florins.	Pieces of 2½ Florins.	Florins.	Half Florins.	Pieces of 25 cents.	Pieces of 10 Cents.	Pieces of 5 Cents.	Copper.		Bronze.			Quarters of a Florin.	10ths of a Florin.	20ths of a Florin.	Pieces of 2½ Cents.	Cents.	Half Cents.		
	Gold.	Silver.						Cents.	Half Cents.	Pieces of 2½ Cents.	Cents.	Half Cents.	Silver.	Silver.	Silver.					
1871.....		6,875,035				1,000,000													7,875,035	Fs. c. 17,287,587 50
1872.....		13,416,378							2,026,000										15,442,378	33,551,075 00
1873.....		5,515,073				1,000,000		3,026,000	2,026,000										11,567,073	13,928,072 50
1874.....		12,795,726				1,000,000													13,795,726	32,089,315 00
1875.....	4,110,000							3,015,000	2,026,000										9,151,000	41,140,280 00
1876.....	1,581,106					1,000,000	200,000	13,047,000	2,020,000										17,848,106	16,061,630 00
1877.....	1,108,149					1,000,000		11,026,000	1,400,000	4,000,000	6,100,000								24,634,149	11,459,750 00
1878.....						1,000,000					53,900,000	4,000,000							58,900,000	659,000 00
1879.....	581,036					1,000,000	200,000												1,781,036	5,920,360 00
1880.....	50,100					1,000,000				4,000,000	20,000,000								25,050,100	901,000 00
1840-1850.....	7,430,391	38,602,212	35,379,383	5,147,000	20,010,907	8,000,000	400,000	30,114,000	9,498,000	8,000,000	80,000,000	4,000,000							186,044,603	172,998,070 00
1851-1860.....		34,416,937	30,453,629	20,815,814	15,075,155	3,037,000	925,979	10,321,700	18,284,560				23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	123,388,082	130,708,926 25
1861-1870.....		32,618,558	24,069,347	24,562,905	7,974	3,848,027	1,740,000	2,032,000	15,948,000										1,086,529,670	140,797,138 20
		32,789,583				3,240,000		20,358,000											122,707,835	119,019,077 00
	7,430,391	138,427,290	89,902,359	50,525,719	20,018,881	30,163,182	6,102,979	52,504,000	54,052,260	8,000,000	80,000,000	4,000,000	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,518,670,190	563,523,211 45
	Fs. 74,303,910	Fs. 346,068,225	Fs. 89,902,359	Fs. c. 25,262,859 50	Fs. c. 5,004,720 25	Fs. c. 3,016,318 20	Fs. c. 305,148 95	Fs. 525,040	Fs. c. 270,261 30	Fs. 200,000	Fs. 800,000	Fs. 200,000	Fs. 5,800,152	Fs. 3,800,250	Fs. 24,598	Fs. c. 2,000,747 15	Fs. c. 4,079,062 45	Fs. c. 2,139,559 65		

BESIDES THE COINS INCLUDED IN THIS TABLE, THERE WERE COINED AT THE UTRECHT MINT.

Between 1840 and 1850.	Between 1851 and 1853.	Between 1871 and 1880.
2,782,516 pieces of 10 florins (gold). 1,595 pieces of 5 florins (gold). 213,084 ducats in gold. 2,601,267 florins for India. 973,270 florins for India. 169,007 "sous" for Curaçao <u>6,740,739</u>	2,636 double guillaumes d'or. 10,000 guillaumes d'or. 10,000 half guillaumes d'or. <u>22,636</u>	306,119 gold ducats.

II.—TABLE OF COINS OF GOLD, SILVER, COPPER, AND BRONZE, COINED AT THE MINT OF UTRECHT AND ITS DEPENDENCIES, WHICH HAVE BEEN EXPORTED TO THE DUTCH COLONIES AND ABROAD, AND OF THOSE WHICH HAVE BEEN RE-IMPORTED INTO THE NETHERLANDS.

YEARS.	Legal Tender.				Fractional Coin of Silver, Copper, and Bronze for the Netherlands.									Fractional Coin of Silver and Copper for Dutch India.						Number of Pieces Exported each Year, and per Periods of Ten Years.	Nominal Value of the Exportations by Years, and by Periods of Ten Years.
	Pieces of 10 Florins. — Gold.	Pieces of 2½ Florins. — Silver.	Florins.	Half Florins.	Pieces of 25 cents.	Pieces of 10 Cents.	Pieces of 5 Cents.	Copper.		Bronze.			Quarters of a Florin. — Silver.	10ths of a Florin. — Silver.	20ths of a Florin. — Silver.	Pieces of 2½ Cents. — Copper.	Cents. — Copper.	Half Cents. — Copper.			
								Cents. .	Half Cents.	Pieces of 2½ Cents.	Cents.	Half Cents.									
1871.....		4,780,000																	4,780,000	Fs. c. 11,950,000 00	
1872.....		2,452,000	150,000																2,602,000	6,280,000 00	
1873.....		8,540,000	530,000	300,000															9,370,000	22,030,000 00	
1874.....		494,430																	494,430	1,236,075 00	
1875.....		1,600,000			50,000														1,650,000	4,012,500 00	
1876.....	5,000	784,000	100,000																889,000	2,110,000 00	
1877.....	42,600	6,600,000																	6,642,600	16,926,000 00	
1878.....		4,000,000																	4,000,000	10,000,000 00	
1879.....	70,000	2,400,000																	2,470,000	6,700,000 00	
1880.....	50,059	1,200,000	120,000	60,000															1,430,059	3,650,059 00	
1842-1860.....	167,659	32,850,430	900,000	360,000	50,000														34,328,089	84,895,165 00	
1861-1870.....		21,368,081	34,769,925	20,824,000	3,416,000	1,736,000	208,000	1,490,000	20,000										1,061,375,135	117,499,496 75	
		44,212,200	27,421,956	25,364,000	2,418,000	1,490,000	1,012,000	8,813,000	1,500,000				23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	112,231,156	151,534,186 00	
Re-exported to the } Netherlands..... }	167,659	98,430,711	63,091,881	46,548,000	5,884,000	3,226,000	1,220,000	10,303,000	1,520,000				23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,207,934,380	353,928,847 75	
	27,000	4,691,200			2,000,095	1,047,051		6,010,000	600,000										14,375,346	12,665,828 85	
	140,659	93,739,511	63,091,881	46,548,000	3,883,905	2,178,949	1,220,000	4,293,000	920,000				23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,193,559,034	341,263,018 90	
	Fs. 1,406,590	Fs. c. 234,348,777 50	Fs. 63,091,881	Fs. 23,274,000	Fs. c. 970,976 25	Fs. c. 217,894 90	Fs. 61,000	Fs. 42,930	Fs. 4,600				Fs. 5,800,152	Fs. 3,800,250	Fs. 24,598	Fs. c. 2,000,747 15	Fs. c. 4,079,062 45	Fs. c. 2,139,559 65			

FIFTH SESSION.

FIFTH SESSION.

THURSDAY, *May* 12, 1881.

MR. VROLIK, Vice-President, presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain British-India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting.

The Session was opened at 2 o'clock.

The Minutes of the previous Session were read and adopted.

In pursuance of the order of the day, the general discussion of the "*questionnaire*" was resumed.

MR. DANA HORTON read the following address :

Mr. President, and Gentlemen—In taking the floor to present some remarks suggested by the learned addresses of the representatives of Governments which do not feel themselves justified in forming a monetary alliance with France, and with my country, you will permit me first to follow the speaker who has immediately preceded me, Mr. Burkhardt, upon ground which, although it forms no part of the direct object of our reunion, has still a meaning and an importance which are more than personal, more than national. I allude to the touching words through which Mr. Burkhardt has expressed his admiration and his regret for a distinguished Delegate, who represented Switzerland in the Conference of 1878, and who is now no more. Gentlemen, it is to associate myself with that sentiment that I address you. As a former Delegate to that Conference of the Government which convened it, it is my privilege to do justice to the memory of Mr. Charles Feer-Herzog, to his profound learning, to his marvelous activity of mind—in a word, to all those qualities of the thinker, the statesman, and the orator, which are attested by the monetary policy of his country; by the history of the Latin Union, of which he was one of the founders; by the Conference of 1867, of which he was one of the originators; by the records of the Conference of 1878; and by monetary literature, his first contribution to which dates, I believe, from 1850.

Although opposed, in theory and in practice, to the movement of ideas toward the adoption of the gold standard, to which Mr. Feer-Herzog's activity made such important contribution, I could not fail to recognize, in the motive forces of this great movement, the sense of the need of a closer union among civilized nations; and, although I did not believe it possible to form a great monetary union without using both metals at the same ratio, I have always felt for those who created and directed this movement the sympathy natural to one who has sought to realize what he at least believed to be the better portion of their aims.

I can not, however, now pass to our discussion without having mentioned another occurrence of a similar nature. I speak of the death of Mr. Ernest Seyd, the monetary writer, whose works are known to you, and which took place at Paris, since the convening of our Conference. It was the profound interest which he took in the Conference which brought him here, and which, I believe, hastened his death. How intense that interest was, may be

well understood, when we remember that but a very few years have passed since the day when there was no serious opposition to the general adoption of the gold standard, except on the part of Professor Wolowski, at Paris, and of Ernest Seyd, at London.

I now pass, gentlemen, to some remarks on certain passages of the address of the honorable Delegate of Norway at the second Session.

In this remarkable address, he has presented to us an interesting résumé of the economic history of our time, and, notably, he has established the comparison between the situation before 1850 and that in the midst of which we live, so far as regards the means of exchange and transportation.

Let us turn our attention upon the picture which he presents; taking France, at the same time, as he does, as the center of gravity in the monetary world.

In the period which, in France, is known as the reigns of Charles X. and Louis Philippe, we see a preponderating circulation of silver. The 100 cent, or five-franc pieces, which exist in such great abundance in France, predominated in the monetary world. Gold was scarce, exceedingly scarce; a premium was paid for gold, and it was a high premium. Nevertheless, gentlemen, people used what gold they had; gold circulated. There was gold in the countries which had the double, or what I have preferred to call the silver and gold standard, and it was used in business; only it was used at a premium.

It is this situation which gentlemen fear to see reproduced.

If I have rightly understood them, the speakers who have depicted the possible results of the formation of our Bimetallic Union, have presented the situation before 1850, which they have portrayed in the blackest colors, saying to the bimetallist, "In this you see the outcome of your work: *Mutato nomine de te fabula narratur.*"

Let us ask, then, what was the cause of this premium on gold, the successor of which is to overflow the fixed ratio of our Bimetallic Union.

Premium means, does it not, that there was a demand, an employment for gold, and that there was not enough gold to supply it? Otherwise, gold would have rested at par; that is to say, at the ratio fixed by the French law.

Now, what was the total stock of gold, as compared with silver, at this epoch? If I be not mistaken, gentlemen, all specialists are agreed that the proportion was approximately 40 per cent. of gold

to 60 per cent. of silver, while the annual yield of the precious metals was about one-seventh what it is now, and of this yield not even 40 per cent. was in gold. The expression *Geld-Theuerung*, which the learned German economist, Roscher, has applied to a part of this period, seems to me to apply to the entire period when it is taken as a whole, and when one remembers that it was inaugurated by a general retirement of paper money. In this situation, precisely the opposite of the present situation, when gold is in a crushing majority in the Western World, there was always the pressing demand for gold for England, which has been so often mentioned. The character of this demand, in its first attack against the monetary basis of the business of Europe, at the time of the resumption of cash payment, is very well defined when I say that the demand of the year 1821 brought about a rise of the *friedrich d'or*, in Germany, from $5\frac{1}{2}$ to $5\frac{3}{4}$ thalers, nearly 5 per cent. I cite, in support of this assertion, an authority whom all are bound to respect. I refer to the learned Hoffman, First Professor of Political Economy at the University of Berlin, First Director of the Statistical Bureau of Prussia.¹

But, gentlemen, when we remember what the industrial and commercial importance of England was at that epoch, and that, as has been so well explained in the learned address of our honorable colleague, Dr. Broch, every journey which gold made in its business of circulation took so much time, when people had to trust to horses, and to sailing ships, rather than to locomotives and steamers, I ask you, was it not a very strange fact that the premium paid for gold in France was so small? The blanket was very narrow, gentlemen, if you will permit me to borrow Prince Bismark's simile, and England was lying in the middle. Why did not those who were on the outside pull harder at the blanket? Was it not because the law, by giving either metal the power of acting as substitute for the other, made the blanket stretch so that they did not have to pull so very hard? I confess to you, gentlemen, that the facts upon which the honorable Delegates of Norway and of Belgium seem to rely—I speak here of that portion of the remarkable address of Mr. Pirmez, in which he predicts for us a premium on gold—seem to me to support precisely the opposite conclusion to that which they draw. I see in the situation before the discovery of the great gold mines, a powerful reason why the European Continent should complain of England for disorganizing, by her refusal to use silver, the stability of the pur-

¹ Document of the Conference of 1878, p. 706.

chasing power of Continental money, both domestic and international. One might, indeed, say that this premium, of which we have been speaking, never would have existed if England had been content to take merely her fair proportion of the metallic stock of the Western World at that epoch. I see, also, in the fact that, notwithstanding such rude attacks, the premium on gold remained within such narrow limits, a proof of the intimate relation which I have believed to exist between money and law, and which induces me to think there will be no premium on gold in our Bimetallic Union.

In connection with this observation, I allow myself to call your attention to certain historical points which have been mentioned by the honorable Delegate of Switzerland, Mr. Burckhardt, and, also, I think, Mr. Pirmez. I refer to the assertion that the French laws of 1785 and 1803, in adopting the relation of $15\frac{1}{2}$, had done nothing but merely adopt a relation already created by the natural course of events.

This is an opinion, gentlemen, generally—I might, indeed, say universally—held by those who have taken an interest in this question. Nevertheless, the researches which I have myself made, enable me to present information upon this particular question, as well as upon the general rise of gold at the end of the last century, and at the beginning of this, which indicates not only that this opinion about the origin of the ratio of $15\frac{1}{2}$ is unfounded, but, also, which shows clearly that this rise of gold was directly the result of laws which favored gold at the expense of silver. The documents upon which these conclusions are based are to be found, in English translation, in my “Contributions to the Study of Monetary Policy” in the Document of the Monetary Conference of 1878. If the Conference has no objection, I will, without taking time to set forth the matter now, present a memorandum on this question, to be printed as an exhibit to the Journal.¹

In presence of observations, which have rather a theoretical nature, concerning the ineffectiveness of legislative interference in matters of money, and which have been presented by the Delegates of Belgium, Switzerland, and Russia, I also ask permission to present, as an exhibit to the Journal, the considerations on this subject embodied in my pamphlet entitled, “La Monnaie et la Loi,” which has already been presented personally to the members of Conference.²

¹ Exhibit A, p. 167.

² Exhibit B, p. 174.

Returning to the question, I shall, if the honorable Delegate of Belgium will allow me, ask him to make the attempt to apply the economic principles of freedom of exchange upon which, if I do not deceive myself, his views on the nature of money are based—to the situation of Europe at this epoch of which we have been speaking. It is neutral ground in the past, but, at the same time, familiar ground. What would have been the result if it had been left free to all those who had payments to make, to choose, each one, his means of payment? That is what I should call the logical result of the application of the principle of freedom of exchange to money.¹

But, gentlemen, if we approach the question as Mr. Broch and Mr. Pirmez have formulated it—that is to say, whether it is not to be feared that the fixed ratio, when it shall be established, will be at once abandoned—it is necessary to ask which of the two metals will command a premium on the other. These distinguished speakers say that it is gold which will be at a premium. Very well. Do they admit, then, that gold is about to become scarcer than it is now. I think they are, to a certain extent, bound to make this concession. The supposition, therefore, upon which the opinion of these eminent men is based, is it not, that *the stock of gold is already, or is about to become, too small to meet the demands of the Western World*, and that, for this reason, gold is to be at a premium after the Bimetallic Union is formed? Very well! Gentlemen, I beg you to look at the other side of the supposition. It is a melancholy picture. Let us leave to one side for a moment the serious question of the *Geld-Theuerung*, the money famine, the prolonged crisis which I have mentioned in the list of questions which I had the honor to present. (See page 51). I merely ask, with reference to this important matter of the premium, how long do you expect to be able to keep the five-franc piece at par in the terrible situation which has been depicted? If gold is to be at premium over silver in the Bimetallic Union, when silver will be money and coinable in Europe, money and coinable in Asia, in America, and in the Islands of the Sea, can you have any doubt that, *in case the Bimetallic Union is not founded*, gold will be at a premium over tokens?

I regret, gentlemen, to be obliged to repeat here remarks which I made in the Conference of 1878. But, it seems to me, that gentlemen neglect the important fact that the five-franc piece is a

¹ See Exhibit E, 12th Session, p. 494.

token. In fact, it seems to me, that it is in the order of the day for the adversaries of bimetallism to propose that these silver coins shall be redeemable in gold at the demand of the holder.

If we accept the hypothesis, gentlemen, that gold is to be insufficient for monetary uses, I think we shall also have a reply to the distinguished speakers who express the fear that, in the Bimetallic Union, silver will fill the circulation, and gold will stay in the banks. The danger of such a state of affairs seems far more imminent if the barriers are maintained which now paralyze the international movements of silver; that is to say, if the Bimetallic Union is not formed.

In fine, I have to say with reference to the interesting question raised by Dr. Broch, namely, whether the lightness or the portability of gold has not to-day an importance relatively greater than it possessed at the period of which we have spoken, that I can by no means accept as valid the reasons he gives for his view that this is the case. The important fact to which he calls our attention, that to-day stocks and bonds travel about over the world, appears to me a proof that the whole world has a new interest in the stability of the international purchasing power of money. So, likewise, the new modes of transportation seem to me adapted to facilitate the transportation of the metal silver, relatively so light, as well as of wheat, and meat, and cheese, and other commodities, which are relatively so heavy, and yet which in our day make such long journeys. If the greater part of commerce consists in having commodities which, value for value, weigh 10 times or a 100 times more than silver transported by railways and steamers, I see no insurmountable inconvenience in having the balance, the small residue, which is paid in money, likewise transported, though it be in silver.

In another part of his speech the learned Delegate of Norway has presented us with very serious views on the situation of existing silver coin throughout the entire world. He estimates the total sum of gold money at 18 milliards of francs, and the total of silver money at 16 milliards nominally, but really at 14 milliards, because of the depreciation of silver. The formation of the Bimetallic Union means, therefore, he says, a rise, an increase of the total stock by two milliards (2,000,000,000) francs. If I be not mistaken, the honorable Delegate of Belgium regards the situation from the same point of view as Dr. Broch, and draws the same conclusion, namely, that "the formation of a Bimetallic Union

would give a stunning shock to the commercial and industrial world, and cause a serious disturbance in all communities."

I may be permitted to ask if there is not here an error in the calculation, which becomes a very serious matter on account of the conclusions to which it gives rise.

If this silver coin were really depreciated in its quality of money, there would be, of course, a fall of gold, and a sudden and similar rise in silver.

But is this silver depreciated? Is it true that gold is at a premium of 18 per cent. over silver coin in the Scandinavian Union, in England, in France, and in Belgium?

It is for you to decide this question, gentlemen. For myself, I avow, judging by my experience in the last few weeks, I found that in England no more than 20 silver shillings were given or taken for a pound sterling, while in France, in the circulation, a napoleon is worth no more than four five-franc pieces. In my country, I am absolutely certain that the silver dollar is still at par with gold. In fact, I remember that the honorable Delegate of Norway, in an eloquent address which he delivered in the Conference of 1878, expressed the opinion that that dollar would remain at par, provided it were protected by maintaining the limitation of coinage. I must, therefore, ask for more precise information concerning the existence of this silver coin, the situation of which as money is to be so changed by the formation of the Bimetallic Union. If its situation as national money—for the question of its exportability has not been raised by the honorable Delegates—does not change, if the shilling, the florin, the franc, the mark, the krone, the dollar, exchange at the same rate, relatively, to gold after, as before, the formation of the Bimetallic Union, the objections of the honorable Delegates do not seem to repose upon a very permanent basis.

It is in the Indies, however, in China, in South America, in Mexico, that the greater part of the 16 milliards of silver coin are, of course, to be found. But is the silver coin there depreciated? Has there been a corresponding change of prices in those countries since 1873? If the learned Delegates can give us any information on this point it will be of the greatest interest; I await it with impatience. From my present point of view, however, I do not understand this to be the case nor that the Bimetallic Union implies any other important change in the situation of these peoples than the following: In their foreign commerce, and in international investments, where gold has been recognized as the medium, or as the

standard of payment, there will be a change; and the same thing will happen in gold countries, *mutatis mutandis*. But even in these limits, and they are very narrow, gentlemen, I find that the language used by the learned orator passes the bounds of reality. Silver will rise 18 per cent., he says, and gold will fall. But if there be a rise of silver of 18 per cent., there can hardly be a fall of gold of the same amount. If gold descends, it must surely meet silver on the way.

MR. CERNUSCHI, Delegate of France, asked the Conference for a few moments of its courteous attention. He proposed to prove that bimetallism, with the fixed ratio of 1 to $15\frac{1}{2}$, was legitimate and necessary, in reply to the various objections offered to that system by Mr. Broch and Mr. Pirmez; and, lastly, to explain how bimetallism, at $15\frac{1}{2}$, had worked with success for many years, what chances it had of being again adopted by the principal nations, and under what conditions it could be restored.

It is not necessary, said Mr. Cernuschi; it is not desirable, that mankind should have a single philosophy, a single religion, a single language. But it is necessary, desirable, indispensable, that mankind should have a single money. Mankind did have it; the monometallists have deprived them of it. Till the last few years humanity enjoyed the immense advantages arising from unity of money, and those advantages it did not owe to the use of a uniform coin; it owed them to the unity of material. The law, by placing the yellow metal and the white metal on the same footing, by establishing a fixed and invariable ratio between them, had made them really a single money. That is what the legislator had decreed, and in this he had not exceeded his rights. He had simply used them as the gold monometallist legislator uses them, when he decides that gold shall serve as money and have forced currency; as the silver monometallist legislator uses them in an opposite direction for silver. There is nothing arbitrary here, if by arbitrary is meant misuse of the free will appertaining to the legislator in the exercise of the prerogatives with which he is invested. Whoever, indeed, speaks of money, speaks of value fixed by the law. Money without fixed value, without legal and obligatory currency, is not money, but simple merchandise. Gold monometallists are the first to acknowledge this; otherwise, why do they decree that gold shall neither rise nor fall? If the assigning of a fixed value to money was no longer considered an essential right of the legislator, the very institution of money would collapse. There would

then be exchanges of products for products; but there would be no more purchases, no more sales, no more price, no more payment. We should revert to the procedure of primitive communities, to the barter practiced among savages.

If bimetallism, with the fixed ratio of 1 to $15\frac{1}{2}$, is legitimate, it is also possible. This has been denied, but it is like denying daylight. So possible is it that it existed for nearly a century. From 1785 to 1874, despite all the perturbations in the yield of mines, all the economic or political catastrophes, it remained the monetary law of the whole world. Examine the rates of silver at London from 1833 to 1874, and you will perceive that that metal, subject to the variations of exchange, was always worth its par of $15\frac{1}{2}$ with relation to gold.

I lay before you the table of Messrs. Abell and Pixley, giving the price of silver from 1833 to the end of 1880. I shall have occasion, later on, to explain how these prices fluctuated within certain narrow limits, calculated beforehand, around the par of $15\frac{1}{2}$, which is $60\frac{1}{6}d.$ per ounce.

An electric cable unites Europe and America; the cable breaks; we propose to put it right, and, behold, we are told it is not possible for Europeans and Americans to correspond by means of a wire. Such is our situation with regard to the monometallists; they maintain that the establishment of a bimetallic legal value is unnatural, although for nearly a century nature never objected to its regular and peaceful working.

The ratio of $15\frac{1}{2}$ held its ground till the day when the equilibrium was destroyed by legislation, through the suspension of the mintage of silver in France.

Bimetallism is not only legitimate and possible; it is also necessary. It is the only system which protects humanity from the disquietudes and sufferings resulting from the variations which occur in the yield of mines. These statistics of the so-called precious metals, which play so large a part in the argument of the monometallist, have no importance in the eyes of bimetallists. Why? Because the latter take as the basis of their system the original act from which the monetary idea is deduced, and which consists in the acceptance of natural facts. They admit as monetary metal the whole quantity which exists and will exist, whatever the color, and whatever the importance of the annual yield.

Strangely enough, Mr. Broch supplies us with statistics, in which he gives the value of the gold and silver annually produced. How does he go to work to make that valuation? He resorts to the

15½; he says, for instance, that the silver produced amounts to such and such a sum in francs; but he has no right to do this. The silver not being coinable in francs, it is impossible to express, in francs, the value of silver. That metal is, in Europe and the United States, merely a merchandise of variable value.

This is a very important point; I, therefore, applied to the firm of Wells, Fargo & Co., of San Francisco, who publish periodical statistics on the production of the two metals in the United States, and asked them whether it would not be better to renounce giving the value of the metals produced, and to content themselves with making known the weight. Here is the reply of Messrs. Wells, Fargo & Co.:

WELLS, FARGO & CO. TO MR. CERNUSCHI.

SAN FRANCISCO, *April 12, 1881.*

I have received your letter of the 14th March. I should be very glad to give you full information, but it is impossible for us to give the exact weight of the metal, and it is also impossible to give the value with precision; for the accounts of certain producing localities were based on the commercial value of silver at the time of dispatching it, while the accounts of other localities were reckoned by the old legal value which silver had in the United States. If I can assist you, command my services, etc.

J. VALENTINE, *General Manager.*

In the view of bimetallists, law is stronger than all the irregularities of production. This was proved at the time of the opening of the Californian and Australian mines. The French law prevented the fall of gold, which monometallists had predicted. This was what the Secretary of the United States Treasury, Mr. Ingham, foreshadowed for the future, and attested for the past, in a report on the relative value of gold and silver, presented to the Federal Senate, on the 4th of May, 1830. The writer¹ expressed himself, in this remarkable, yet little known document, as follows:

“Upon a careful review, . . . it appears to me the following singular but instructive statements are evidently deducible:

“Whatever degree of uncertainty may exist as to the precise quantity of the precious metals which was imported into Europe during the fifty-three years succeeding the discovery of America, the records of that time abundantly testify that gold constituted the chief part of the supply, and that, nevertheless, its great pre-

¹ John White, Cashier of the Bank of the United States, Baltimore.

ponderance, did not produce any sensible effect on its market value in reference to silver.

“It is evident that the enormous importations of silver consequent upon the exploitation of Potosi (which mine alone is estimated to have supplied 150 millions of dollars in the ten years subsequent to 1545), did not vary the relative value of these metals by a rise of gold, as we find that Queen Elizabeth, and her eminent advisers, considered it expedient, in 1560, to reduce the standard proportions from $11\frac{1}{16}$ to 1, to a fraction under 11 to 1.

“The discovery of the alluvial mines of Brazil, in 1695, quadrupled the annual average amount of gold previously produced, yet in 1717, when this inundation, as it may be termed, was at its height, the value of gold remained the same as in 1650, 1 to 15.

“Although it appears that the explorations of new mines, but especially of Biscaina, Sombrarete, Catorce, and Valentiana, in Mexico, towards the middle and latter half of the last century, increased to such an enormous amount, yet the market value of silver was almost uniformly higher in England than the standard of 1717.

“These extraordinary circumstances in the history of the precious metals appear to invite and authorize the inference that it is impracticable to fix, with accuracy or utility, the value of gold to silver by a comparison of the quantities produced.”

The variations of production are less to be feared, moreover, with the bimetallic system than with the monometallic system, inasmuch as the production of the two metals taken together, at the valuation of $15\frac{1}{2}$, annually amounts to about 33 millions sterling, but with considerable fluctuations, from year to year, in the relative quantities of the two metals. It must be acknowledged that statistics, in money, of the production of mines, are impossible when once the legal ratio, the common denominator between the two metals, is abolished.

If, however, we were doomed to monometallism, if it were necessary to choose one of the two metals, the choice could not be doubtful. Silver would have to be chosen; the existing mass of gold is too small; gold is too difficult to subdivide ever to become universal money.

It is true that numerous reproaches are cast on silver; it is too heavy, says Mr. Broch, too cumbersome; it excites a general repugnance among the public. No doubt silver is too heavy, and so also is gold. Bimetallists, therefore, do not wish either to saturate the circulation with metal, or to coin a single five-franc piece above

the present figure. Their only object is to restore to silver its old monetary dignity, so that it may, just like gold, remain in the form of ingots, in the bank cellars, as a guarantee of the notes in circulation. The banks of Hamburg, Amsterdam, Genoa, and Venice formerly acted thus; the English, Scandinavians, and Americans still act thus with gold.

Mr. Broch holds that gold money should be the money of civilized countries, and silver money that of less civilized nations. What! Was not the Germany of Goethe and Schiller equal, in point of civilization, to that of Mr. Bamberger and Mr. Soetbeer? Did not Plato and Aristotle, who used silver, live in a civilized country? Is not India a civilized country? It is true that, according to Mr. Broch, the degree of civilization can be ascertained by the greater or less proportion in which railways are developed in a country; but can India, even from this standpoint, be reckoned backward? And when India shall become civilized to the extent desired by Mr. Broch, and shall be entitled to gold monometallism, what will she do with her silver rupees? Bear in mind, too, that India had always been bimetallic, and that it was English law which made her silver monometallic.

The great danger of a vast bimetallic union, according to Mr. Broch, would be the liquidation, in case of the bimetallic compact coming to an end. This is a mistake; the international 15½ does not impose the mutual currency of coin, such as, for example, exists, to a certain extent, in the Latin Union. The case of a liquidation can not arise. As for the case of war, which has also been spoken of, in order to inspire a fear that one of the States might recede from bimetallic engagements, the reply is easy. No State has an interest in demonetizing a metal; it would ruin itself. The example of Germany is quite conclusive on this point. Establish the 15½, and it will live upon its own resources.

I think, continued Mr. Cernuschi, I have replied to all Mr. Broch's objections. It only remains for me to thank him for having acknowledged that if bimetalism were adopted, it could only advantageously be done by adhering to the ratio of 1 to 15½.

The reasoning of Mr. Pirmez is more difficult to follow, for the honorable Delegate of Belgium argues sometimes as if gold and silver were merely merchandise, sometimes as if gold had monetary rights not possessed by silver. It would seem, however, that if gold and silver are merchandise, the logical conclusion should be not to have gold money to the exclusion of silver money, but to have none at all.

Mr. Pirmez talks of the preference given to gold over silver, by reason of the qualities of the former metal. How can he thus explain that preference, when it is confessed that money is made not to be kept, but to circulate; when it is certain that if the public use money, it is not for the sake of possessing a certain weight of metal, but of having a legal monetary unit whose power is beforehand known? That power being equal for both metals, they indifferently accept and expend either. It has always been so in the States of the Latin Union.

The honorable Delegate of Belgium denies the drain of money metal which may happen through the working of the balance of trade; he almost denies the balance of trade; he thinks the differences in the exchanges between nation and nation are settled by bills, securities, clearances, and arbitrages, not by direct consignments of monetary metal. No doubt, deliveries of securities and arbitrages play a great part in the settlement of international accounts. No doubt, banks are like permanent clearing-houses, but if the liquidations are not made immediately, it is none the less true that they are eventually made. The debtor nation must necessarily pay the creditor nation, and it is then that the metal money is dispatched.

Mr. Pirmez twits bimetallists with practicing monetary homeopathy (*similia similibus*), and with advising the unlimited mintage of silver as the sole remedy for nations suffering from a glut of silver. The reply is easy. If a glut of silver is now suffered from, it is because silver is outlawed, has no longer the character of international money, is, as it were, hemmed in in each of the countries where it exists, without being able to pass the bounds. All that bimetallists propose is to rehabilitate it; to raise the blockade, and by a clause in a statute, as by a stroke of the wand, to make it the equal and equivalent of gold. It is not a question of augmenting the quantity of silver, but of mobilizing the silver that already exists.

According to Mr. Pirmez, the situation of the Bank of France in no way justifies the alarms of bimetallists. If it has in its cellars hundreds of millions of silver, it should not be uneasy, for that silver serves to guarantee its notes. But how can it be supposed that there is no inconvenience for that great financial establishment in having a stock composed for the greater part of a metal which can not attempt to pass the frontier without meeting on all sides a kind of monetary quarantine established by foreign powers. The five-franc pieces are really only paper money with a metallic ring. It

is incomprehensible how Mr. Pirmez, who repudiates silver, can maintain that the five-franc pieces at the bank are a good guarantee for the notes it issues.

Mr. Pirmez also endeavored to reassure the Conference as to the possible consequences of the drain of European gold to America. If this fact occurs, he says, gold will not be slow in returning to Europe, by very reason of its abundance in the United States, and of our requirements. The facts, however, contradict this specious theory. We now see forced currency countries, Russia, Italy, Austria, Hungary, continue to lack gold. To procure metallic money, it is not enough, in fact, to have urgent need of it, one must have a favorable balance of trade; one must be the creditor of the foreigner, or else borrow. According to these principles, it can not be denied that Europe may be more and more exposed to seeing her gold cross the Atlantic.

The United States are convinced of this, yet, nevertheless, they now propose the adoption of international bimetallism. After numerous variations of opinion, after frequent changes of legislation, the great American Republic has now frankly rallied to the bimetallic system. President Garfield's inaugural address, delivered the 4th March last, leaves no doubt on this point:

"By the experience of commercial relations, in all ages, it has been found that gold and silver afford the only safe foundation for a monetary system. Confusion has recently been created by variations in the relative value of the two metals; but I confidently believe that arrangements can be made between the leading commercial nations which will secure the general use of both metals. Congress should provide that the compulsory coinage of silver now required by law may not disturb our monetary system by driving either metal out of circulation. If possible, such an adjustment should be made that the purchasing power of every coined dollar will be exactly equal to its debt-paying power in all the markets of the world."

What does this speech mean? It virtually says that the Bland Bill is bad; that the limited mintage of silver, so long practised by France with such injury to herself, is a dangerous system. It sets aside all the expedients proposed under preceding administrations; such, for instance, as the increase of the weight of the limited mintage dollar; it publicly acknowledges that the true and only means of restoring to European silver its value in America, and to American silver its value in Europe, is the mutual and simultaneous resumption of the mintage of silver on both sides of the ocean

This is the idea under whose inspiration the French and American Governments convened this Conference; in assembling it, they had none of the ulterior designs attributed to them by Mr. Pirmez. It is not a question for the United States of disposing in Europe of the produce of their silver mines, or for France of getting rid, to the detriment of the United States, of the mass of silver lying in the bank cellars. The purpose, on both sides, is quite plain and above board: France wants to rehabilitate silver in order to be able to pay indifferently with the yellow as with the white metal for the balance of its imports from the United States; America desires to facilitate the return of European silver into universal circulation, because she is the creditor of Europe, and it is good policy for any creditor to help his debtor to fortify his solvency.

Assuming that the principle of bimetallism already adopted by the Governments of France and the United States obtains also the adhesion of Europe, or at least of the greater part of Europe, how would that system practically work? It would work as it worked in France prior to the suspension of the unlimited coinage of silver. In 1878, I described, in these terms, this working of French bimetallism:

“Until 1874, a clear and sonorous voice was always heard resounding from the banks of the Seine; it said, ‘I am France, rich in gold and rich in silver. I can arrange that, in the entire world, the two metals form but one money. Peoples and nations! bring to Paris all the gold and all the silver you like. I take it all. For a hundred weight of gold, or for $15\frac{1}{2}$ hundred weights of silver, I will always give you the same quantity of francs. Let the production of one metal or the other be more or less abundant, more or less costly, it will be immaterial to me; I will never alter my rate of $15\frac{1}{2}$. Peoples and nations! do you want gold? bring silver. Do you want silver? bring gold. As bimetallist, the French have no preference for one metal or the other; they will always make the exchange for you, *if you know how to ask for it*, of one metal for the other on the basis of $15\frac{1}{2}$, and in the two hemispheres the relative value of the two metals will always, and every-where, be the same, of 1 to $15\frac{1}{2}$.’”

Such, in fact, was, for many years, the situation of France. Nothing could be firmer or safer. With her unchangeable law of $15\frac{1}{2}$, she was the great agent of monetary manufacture for the producers of gold and silver; a kind of international mint, where the two metals came to be coined at a fixed ratio, and on invariable conditions. For foreign nations, she played the part of an international

exchanger, amply provided with yellow as with white metal, and ready to furnish either to clients; that is to say, to monometallist countries; to those who, having only one of the two metals in circulation, might, at any time, need to procure the other abroad. Sometimes she furnished silver to England for her consignments to India; sometimes she furnished gold to Hamburg in exchange for silver, so that silver monometallic Germany might pay gold monometallic England; but she always furnished it to those who *knew how to ask for it*, that is to say, to those who paid a premium beyond the par of 15½. She thus gained on both sides.

Mr. Pirmez has expressed regret that the Latin Union did not, according to the advice of Belgium in 1865, abandon this enviable position, and become monometallic. This is regretting a chimera which could not have been realized; but, had the measure been possible, its adoption would have endangered, not promoted, the interests of the Latin Union. By trying, indeed, to get rid of a metal, and flooding its neighbors with it, a State injures itself as much as them; by making their payments more difficult, it paves the way for its own impoverishment; it violates the economic law, which demands that the metal of which money is made should be a citizen of the world.

The quite recent example of Germany proves, moreover, how difficult it is to get rid of money metal. If Germany has disposed, through great difficulty and loss, of a portion only of the silver she possessed, it is because she had by her side, at least during the early years of the operation, the outlet of the Latin Union, and because the United States were in course of substituting silver coins for their small notes. The demonetization of silver in Germany took place in coincidence with a mintage of 500 millions of francs of that metal by the Latin Union, and of 70 millions of dollars, in fractional money, in the United States. The employment of German silver yielding a profit, every body wished to profit by it. Even Switzerland, despite her dislike of the white metal, coined 10 millions of francs in silver during the first year of German demonetization, and thus realized a profit of some hundreds of thousands of francs.

MR. LARDY, Delegate of the Swiss Confederation, observed that this profit did not figure in the current receipts of the Federal budget, but was purely and simply carried to the reserve fund of the mint. Switzerland, moreover, coined only eight millions in five-

franc pieces in 1875, (not 1874), out of a total contingent of more than 30 millions.

MR. CERNUSCHI, resuming his speech, remarked that Germany could not possibly have carried the demonetization operation as far as she had done, if the Latin Union had not lent her a hand. So true is this, said Mr. Cernuschi, that the Latin Union having suspended the mintage of silver in 1878, Germany had to stop her sales of silver by 1879. How then should the Latin Union, if it in turn attempted the demonetization of its silver, succeed in carrying it out? How could it have done so, even in 1865, if it had followed the advice of Belgium and pronounced for gold monometallism?

England was alarmed at the fall in silver, and, in an elaborate inquiry, conducted by Mr. Goschen, she investigated its causes. According to the report of that committee, the fall of silver had no less than four causes: the German cause, namely, the demonetization of silver in Germany; the French cause, namely, the limitation of mintage in the Latin Union; the American cause, namely, the increased production of the United States silver mines; and, lastly, the Indian cause, namely, the falling off in the demands made for coin by British India. The declaration of the German Government is very explicit on this point. It acknowledges that, if the first of these causes had not occurred, silver would not have fallen. A single great country, in Europe, therefore—it is important to take note of this—has attempted to become gold monometallic, and the result of the attempt has been a serious loss for that country; a serious embarrassment for all the others. These are the consequences of a partial success of gold monometallism; what would be the results of its general triumph, assuming that it were possible?

People are beginning to see this in France, as abroad. Notwithstanding the nearly unanimous hostility of the economists forming the Political Economy section of the Institute, bimetalism is daily witnessing an increase in the number of its adherents in France; it is enough to cite, among the most important, the President of the Senate and the illustrious *savant*, who is one of the Delegates of the French Government at this Conference.

Bimetalism is also gaining ground beyond the French frontiers. Even in the Scandinavian States, the director of the Bank of Sweden is framing a scheme of arrangements which is almost bimetalist, and is preparing a model international coin composed of both

metals. It is a scheme that can not be accepted, but it reveals bi-metallist tendencies. Austria has made, at this Conference, a declaration imbued with sympathy for bimetallism, and Hungary, according to a publication of its Delegate, Mr. de Hegedus, is on the way toward supporting that doctrine. Germany herself testifies that she is interested in the rehabilitation of the white metal, and that bimetallism is necessary in the world. Italy, whose financial sufferings are evident, and who wishes to meet her financial engagements, impatiently demands the consolidation and extension of the bimetallic system. In India the embarrassment is serious, and the desire of arriving at bimetallism not less ardent. On the 17½ millions sterling, which the Indian Government has annually to pay to England, it lost last year, through the fall in exchange, more than three millions of pounds, or, to speak more accurately, more than 30 millions rupees. Indian commerce is likewise suffering in a due proportion. There need be no surprise, therefore, at the cries of distress coming from India, at the disquietude which is felt by the Government of that vast empire, and which have found their strongest expression in a remarkable memorandum by the director of Indian Finance, Mr. Chapman, in which bimetallism is put forward as the only possible remedy.¹

The complaints of India are finding an echo in England. The Chambers of Commerce, the merchants of Manchester, Liverpool, Birmingham, Glasgow, London, the great Oriental Banks, all these authorized clients of India are also becoming supporters of bimetallism. Their complaints, however, are not listened to by the British Government, which does not seem sufficiently informed about the state of affairs. England is accused of being selfish on this question. I should rather believe her blind, insufficiently enlightened, as to her real interests. I may be mistaken, but it seems to me that if the English and Indian Delegates agreed to reply to various requests for information we might put to them; and if they would keep their Governments accurately informed of what passes here, we might hope to triumph over the prejudices still prevalent in governmental circles in London.

To sum up, the commercial, industrial, and financial world is in a state of undeniable embarrassment through the monetary situation. That embarrassment would be transformed into acute suffering if monometallism persisted. Monometallism is so conscious

¹ See Exhibit C., p. 184.

of this, that it now confines its pretensions to the maintenance of the *status quo*. It is not entitled to do this. If its doctrine is sound, it should persist in furthering the application of that doctrine; but if it pauses, if it is the first to ask that silver, which has already been coined, shall continue to be legal currency, with full paying power, it is only a disguised and limping bimetallism.

It is real and sincere bimetallism which must be attained. It is practicable with four States, with three, or even with two. 'Yes, the Bimetallic Union would be supreme in the world, even if composed only of the United States and France. The thalers, which can neither be melted down nor exported, have legal currency at three marks a piece. Suppose them called in, and replaced by paper marks. The two-State Union buys all these thalers at a price to be agreed upon. They will be delivered to the Union, and it will pay for them in gold in four years, or sooner if it chooses. What will happen? The United States, having opened their mints to the free coinage of silver, being creditors of Europe, can not send thither a single ounce of that metal. Mexican dollars would, therefore, be the only silver arriving in England. Those dollars will still, as hitherto, be forwarded to Singapore, Canton, Shanghai, Yokohama, in payment for what is owed. And how will England manage to pay India, whose balance of trade is nearly always favorable? Not a silver bar being landed at London, she would be forced to ask us for the German thalers, then for the five-franc pieces and silver dollars, and to pay us a premium; that is to say, to give us more than one kilogramme of gold in return for $15\frac{1}{2}$ kilogrammes of silver.

Germany herself would then be embarrassed, if she had payments to make in Asia. She has told us that her commercial relations with England oblige her to have only gold money. But have you not gold when you are bimetallic? Has not bimetallic France always had commercial relations with England? Germany, it is evident, has every interest in forming part of a Bimetallic Union with France and the United States. In that case, it would be England, England alone, who would suffer in her isolation. One could only urge her to persist in it were selfishness consulted, and if the nations who have taken the initiative of this meeting aimed at realizing a profit at the expense of other nations. But that is not the case; the idea which inspired the convoking of this Conference was an ardent desire to make the whole world profit by science and truth. This is the reason which makes

France and the United States urgently call for the participation of Great Britain in the formation of a great Bimetallic Union.

MR. SEISMIT-DODA, Delegate of Italy, remarked that the replies of the British and Indian Delegates to the request for information, which Mr. Cernuschi had announced his intention of making to them, might exercise a great influence on the ulterior stages of the discussion. It would seem expedient, therefore, for those questions to be put by Mr. Cernuschi as soon as possible, say, at the opening of the next Session.

LORD REAY, Delegate of British India, expressed a desire that the questions which Mr. Cernuschi proposed to address to the English and Indian Delegates should be in writing.

MR. CERNUSCHI replied that he would meet the wishes expressed by Mr. Seismit-Doda and Lord Reay.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, delivered the following address:—

After the striking discourses we have heard in the course of our Sessions, it can not be my intention to take part, in a general manner, in the profound discussion which can only be carried on by masters of the subject. I merely ask leave to advert, in a few words, to what has been said respecting paper money countries in general, and Austria-Hungary in particular. My eloquent neighbor has said that these countries have the greatest interest in being represented amid this honorable assembly. I am far from denying it. We have all the highest interest, I will even go further and say, that countries with the gold metallic currency only, or with gold and silver, have a more direct and immediate interest than we have in the labors of our assembly, and in the results which we may obtain. For they are in a position immediately to accept those results, if they deem them conducive to their interests; whereas, we are held back by the financial question which, for us, governs and controls the monetary question. We are, therefore, if I may so express myself, at a stage more distant from the practical results of these discussions than countries which are so fortunate as not to be restrained by financial considerations, and which have not only the theoretical liberty, but also the practical possibility of choosing, according as their interest dictates, the gold standard or bimetallism. It is assuredly quite proper for all countries to consult their own interest on this important question,

looking to the welfare of their inhabitants, which should be the chief object of their representatives. The speeches which we have heard, the reservations which have been made, testify to the conscientiousness with which the members of this assembly accomplish their mission, and my eminent neighbor himself, in his striking speech, insisted on this point by denying the legislator's right to pass arbitrary laws, and by demanding that they should be based on the force of things; that is, the necessity of actual interests. None of us, assuredly, would venture to return home to offer for the acceptance of his country a proposal diametrically opposed to its interests.

But what, gentlemen, is a country's true interest? Must it remain absolutely limited by its more or less extended frontiers? Or does it not largely depend on its relations with the foreigner? We are all convinced, and our presence, if it proves nothing else, proves at least that everybody has recognized this general truth, that no country can permanently remain isolated in economic matters, any more than in politics, and especially it can not so remain in reference to the question which occupies us.

The more means of communication and of exchange increase, the more will the disturbances, and even the ordinary changes which occur in a country, have an echo in other countries. It is especially, therefore, as so well urged by Mr. Seismit-Doda, a general interest of mankind which has called us together, and with that in view we enter upon an investigation of the question, how the interests of each country may be harmonized with this great interest of mankind.

Although we have not yet a practical result to record, it seems to me that we have already taken a step in that direction, for we now know the disposition of each Government, and we have ascertained the possibility of certain concessions.

We warmly desire that these may serve to call forth others, and to lead to concerted action.

Unfortunately, it is still impossible for us to take an active part, and we can not even prejudge the future in any way.

Mr. Cernuschi has remarked, that monometallist tendencies have been exhibited in Hungary. I may add, that they exist also in Austria, where several of our most important newspapers ardently advocate the cause of monometallism. Mr. Cernuschi, speaking of my last declaration, has said there was nothing to add to it. I also have nothing to add, and nothing to retract from it.

If we warmly desire the success of the generous intentions which have brought us together here, it is certainly not in a narrow interest, but in that of all the world. I am sincerely convinced that the entry of the paper money countries into the great family of countries which possess an established metallic currency, will be to the general interest of all. The transformation to be effected in Italy has, therefore, all my good wishes, not only because of the sympathy with which I wish our neighbors and friends a result which may be useful and agreeable to them, but because I think they are promoting a general interest, and I doubt not that the analogous efforts which will one day be made by Austria-Hungary and Russia will be equally attended with the sympathy of other nations, and will promote their interests.

Mr. de Thoerner very justly recognized this. Mr. T. indicated to us, with remarkable precision, the amount of precious metal which will be absorbed by those great outlets.

But, in order, gentlemen, that the white metal may be received there, we must not begin by depreciating it more and more.

Several allusions have been made to the distinction sought to be drawn between civilized nations and nations less civilized, nations at a lower stage of civilization, which might content themselves with silver. Now these 155 millions of men, who also claim to belong to civilized nations, would refuse a metal rejected by the rest of the world, and would not be satisfied with a debased currency. There would, therefore, be a risk of placing these countries under the impossibility of effecting their reform, a reform to which they are tending, but which would not be a blessing if it served only to open their doors to a metal rejected by other nations.

When this reform may be effected, is not known, and it seems to me that the question before us is too urgent to be postponed till that unhappily uncertain date. When this great market of 155 million souls is one day opened, it will certainly exert a great influence on the circulation of metallic money. But, meanwhile, what rôle is to be assigned to the milliards which will only be needed by them in an indefinable future? The question of the future must, therefore, be set aside, and we must rather keep to the practical question of the moment, which is, how silver can at once be rehabilitated.

In this direction the Delegate of Russia has made what seem to me somewhat practical proposals as to the calling in of five and ten franc gold pieces. I hope that, combined with the other pro-

posals that have been made to us, they may lead to a practical result, if not for ourselves, at least for other States. For, even if your generous efforts led to a result not affecting Austria-Hungary, we should be very glad to see it obtained by other countries, and be certain, gentlemen, we should esteem ourselves fortunate at having been able to be present at the inauguration of that work.

MR. DE THOERNER remarked that the suggestions submitted by him to the Conference at the last Session, and to which the first Delegate of Austria-Hungary had just referred, were not, strictly speaking, formal proposals. It would not appertain to the Russian Government, still compelled to make use of paper money, to take the initiative in such a matter. The Delegate of Russia had, consequently, intended to give merely simple suggestions in his personal capacity.

COUNT KUEFSTEIN replied that it was thus he had understood them.

CHEVALIER VON NIEBAUER, Delegate of Austria, desired to offer a few observations respecting a fact mentioned by the first Delegate of Austria-Hungary. It was certain that two years and a half ago the depreciation of silver at London, combined with the fall in the Vienna exchange on London, attracted such a mass of metal into the Austrian mints, that the Austro-Hungarian Government might, if it had chosen, have resumed specie payments with silver alone. This it was advised to do; but it refused, and preferred to close its mints to the free coinage of silver. The monetary circulation, in fact, as Mr. Magliani had said in Italy, could not be re-established on a basis consisting merely of silver. Gold was indispensable; but, on the other hand, it did not appear to be, as alleged by the monometallists, supplied by nature in sufficient quantity to satisfy all requirements. An able German geologist, Mr. Suess, affirmed, indeed, that the chief gold deposits were not found in mines, but in alluvia, and that the gold-bearing alluvia were very rapidly disappearing. This judgment seemed confirmed by the strong apprehensions excited in the financial world by the announcement of the issue of the Italian loan of 600 millions, two-thirds of which was to be subscribed in gold. If the prospect of the dispatch to Italy of so comparatively inconsiderable a quantity of coin now excited such fears, what would be the case when not merely Italy, but Austria-Hungary and Russia, should resume specie payments? The Delegate of Austria ap-

pealed, therefore, to the judgment of the Conference; highly competent as it was, it could not fail to recognize that no Power could either act separately, or dispense with a standard having an international value.

MR. MORET Y PRENDERGAST, Delegate of Spain, thought that at the point at which the debate had arrived, the proposal for adjournment put forward by him at the Second Session of the Conference might advantageously be revived. He asked the Conference, therefore, to decide on adjourning after having heard the speakers whose names were still on the list as desiring to take part in the general discussion.

BARON VON THIELMANN, chief Delegate of Germany, supported the motion of the Delegate of Spain.

MR. EVARTS, chief Delegate of the United States of America, announced that the American Delegates had still some considerations to offer on the general discussion.

THE PRESIDENT remarked that at its Second Session the Conference decided to proceed not only to the general discussion, but to the discussion of the separate articles of the *Questionnaire*, and that only at the close of this debate would it be proper to decide on the proposal for adjournment made by the Delegate of Spain.

After observations submitted by Mr. Cernuschi and Mr. Denormandie, the Conference suspended any decision on the proposal for adjournment, and simply adjourned the general discussion of the *Questionnaire* to Saturday, 14th May, at half-past one.

The Session concluded at 5.30 p. m.

The first of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The second of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The third of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The fourth of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The fifth of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The sixth of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The seventh of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

The eighth of these is the fact that the British Empire has been the most successful in the world in the last century. This is due to a number of reasons, including the superior military and naval power of the British Empire, the superior administrative and political system of the British Empire, and the superior economic and industrial system of the British Empire.

EXHIBITS OF THE FIFTH SESSION.

EXHIBIT A.

(Presented by Mr. DANA HORTON, page 145.)

HISTORICAL NOTE ON THE RATIO OF $15\frac{1}{2}$ IN FRANCE.

At the opening of the Sixth Session of the International Monetary Conference of 1878, in pursuance of an announcement on the part of the President, Mr. Ruau presented as an Exhibit, the Declaration of Louis XVI, of 1785, by which the ratio of $15\frac{1}{2}$ was the first established in France.

To not a few students of money, this fact was first made known through this announcement.

In an important work on the production of the precious metals, lately published, Professor Soetbeer, the Monetary Counselor of Germany, marks this announcement of Mr. Say as an event of importance in monetary discussion.

"It is well known," he says, "that the ratio of $15\frac{1}{2}$ to 1 has been of late accounted, to a certain extent, the normal relation, inasmuch as it lies at the basis of the double standard in the countries of the franc, and, as the prices of silver have, on the average, remained close to this ratio throughout the first seven decades of our century, and in view also of the fact that the transition from the silver valuation to the gold valuation in Germany has taken place upon this basis. The French Monetary Law of 1803 has hitherto been almost invariably regarded as the starting point of this opinion. The French Minister of Finance, Léon Say, has, however, employed the occasion of the International Monetary Conference, in August, 1878, to point out, by reprinting an older French Ordinance of 30th October, 1785, that the recognition of this ratio had already taken place 18 years before. Article I of this Ordinance is as follows," etc.¹

Although allusions to the recoinage at $15\frac{1}{2}$, in 1785, may be found in

(1) From Soetbeer, *Edellmetall-Production*, Gotha, Perthes, 1879, page 130.

one of Gallatin's writings of 40 years ago, as well as in Chevalier's *La Monnaie*, and in one of Cernuschi's works, yet for the general reader, Dr. Soetbeer has certainly not overrated the novelty of the information presented by Mr. Say and Mr. Ruau.

In general monetary discussion, not only is French bimetallism identified with the Law of 7 *Germinal*, year XI, but 1803 is regarded as the date of the birth of the ratio of $15\frac{1}{2}$.

Now, the law of 1803 has been the apple of discord over which the battle of the standards has raged in France, and as France has herself been, so to speak, the chief theater of the continental conflict on monetary subjects, which has been going on for a quarter of a century, it is not unnatural that, to the great mass, both of lookers-on and of combatants, the law of 1803 should occupy a position of commanding interest.

Did the law of 1803, by implication, ordain what the American law of 1793 did explicitly? Did it "put the standard in the two metals," or was silver the real standard and gold merely a brilliant satellite of silver?

The importance of the question, the intensity of feeling which it excited, may most aptly be suggested by the eloquent words of the first elaborate and comprehensive treatise ever written on money; I refer, of course, to Chevalier's *La Monnaie* (see pages 220 and 221, ed. 1866), in which the distinguished author, appealing to the law of 1803, vindicated the right, "inalienable, imprescriptible, absolute," of the holder of French National Bonds, to have them paid in francs of five grains of silver, nine-tenths fine, and scornfully rejected the claim of francs of gold ever to be the measure of the obligations of France.

Now, in the controversies waged over this law of 1803, one point has been accepted, namely, that in 1803, $15\frac{1}{2}$ was really the rate of exchange of the metals in the market. It is safe to say that, by members of the various great Commissions instituted by the Second Empire of Napoleon, that great edifice of ambition which was to have been crowned with metric and monetary unification centering in Paris, it has not been questioned that the ratio of $15\frac{1}{2}$ was not created arbitrarily, but was adopted because it was recognized as an "economic fact;" because, in the movement of the world's supply and demand for the metals respectively, $15\frac{1}{2}$ was the normal point of equilibrium, so that the fixing of a ratio by French law was, in point of fact, a mere echo of "commerce;" that it was merely a ratification of the market rate of exchange between the metals as bullion, which had been fixed by commerce independently of the influence of French law itself.

It is the appearance of this idea in the addresses of Messrs. Burckhardt and Pirmez, which suggested the presentation of this Paper as an Exhibit to the Journal of the Conference of 1881; it is worth remarking, that, at the same period, a distinguished Swedish statesman, Mr. A. G.

Wallenberz, in the "London Economist," of 7th May, 1881, was making use of this same idea as a decisive argument.

Now, the monetary questions of to-day resolve themselves, on final analysis, into the assertion or denial that governmental policy sensibly affects the demand and may regulate the ratio of exchange of the metals; and it is plain that if the French legislator had chosen a ratio which was not the ratio of the market, an opportunity would have been given to study the effect upon the ratio of the metals exerted by the introduction of free bimetallie coinage, with a minimum mint-charge, in the country which held a larger stock of the precious metals than any other two of the civilized nations; while the admission that the French legal ratio was, in fact, merely transferred from the market to the statute-book, deprives controversy of the benefit of this test.

It is evident, then, that, apart from the mere question of history, a point of considerable interest in monetary doctrine is involved in this matter of the adoption of $15\frac{1}{2}$.

When, therefore, the attention of the monetary public is called to the fact that the ratio of $15\frac{1}{2}$ was established in 1785, not in 1803, is it not natural that the elastic faith of the monetary public should be ready to assume that what was believed to be true before should remain true; that the French legislator had not wandered from the teachings of what French thinkers maintained to be those of science, and hence, that $15\frac{1}{2}$ was the market ratio in 1785, as well as in 1803? Circumstances seem to warrant this inference. The statement of the President of the Conference, on page 57 (of the Document of the Monetary Conference of 1878), clearly points in this direction, while some expressions of the learned chief Delegate of Switzerland in the Conference touch directly upon the point. The reader will find, on page 82, an allusion of Mr. Feer-Herzog to $15\frac{1}{2}$ as the extremely fortunate or happy (*heureux*) ratio which France had adopted in 1875, while on page 81, the learned Delegate deliberately attacks the American ratio of 15, adopted in 1793, because it was too low, and imputes peculiar motives to Alexander Hamilton for choosing 15, when he should, in Mr. Feer-Herzog's view, have chosen a higher ratio, presumably $15\frac{1}{2}$, or something near it. (See also page 460.)

But the reader has already marked the comments of Professor Soetbeer on this point. He will observe that, after noting how the ratio of $15\frac{1}{2}$ had come to be regarded as "normal" from 1800 to 1870, this pre-eminent monetary authority alludes to the event to which Mr. Say called attention as a recognition of the ratio of $15\frac{1}{2}$ in 1785. Of course, if the law of 1785 was a mere "recognition," it was a recognition of an existing fact; there must have been an existing market ratio of $15\frac{1}{2}$ to be recognized, and, if this be true, the faith of the monetary public in the fidelity of the law of 1803 to the market rate may be safely transferred to the law of 1785.

Now, in addition to the historical and economic interest attaching to this subject, the question thus apparently taken for granted in quarters in which tone is given to public opinion, has, in a certain sense, an international character.

The criticism of national monetary policy of the past is necessarily the school in which the monetary statesmen of to-day must learn the lessons of experience.

If the natural assumption of which I have spoken, namely, that $15\frac{1}{2}$ was the market ratio in and after 1785, be correct, it is plain that the United States, in adopting the ratio of 15, in 1792, committed an error of policy only equaled by the recoinage of gold at 16 in 1834-37.

On the other hand, if the ratio of $15\frac{1}{2}$ was not the ratio of the market, the policy of France becomes the subject of investigation; and if the ratio of 15 were then economically the fit one, any thing derogatory to it is not only unjustified, but withal, is *crimen læsæ majestatis*; not merely because it was the choice of Alexander Hamilton, but also, because from a metrical point of view, 15 to 1 is, through its relation to the decimal system, the most convenient ratio which has been within reach of mankind in modern times, and hence *per se* preferable to $15\frac{1}{2}$.

But not only is the character of the monetary policy of these two great States at stake, but that of England also. If, after 1785, gold stood at a price in Paris so high, as compared with the English ratio of 15.21, there was profit not only in sending gold in preference to silver to Paris, but that there was profit in importing silver from France into England, to be coined into English money, how was it that this natural movement did not take place, and this natural "course of events" was turned awry, and never claimed the name of action? How was it that not until 1798, did the rise of gold above 15.21 bring about the appearance of silver at the English mints?

In presence of queries like these, so likely to arise if the study of monetary policy be further pursued, so necessary to be solved, if the lessons of experience are to be rightly read, it seemed useful to supplement the information for which the monetary student is indebted to Messrs. Say and Ruau, concerning the declaration of 1785, by setting forth more in detail the motives and character of this important measure, and also, if possible, to present some information concerning the market ratio of the metals between 1785 and 1803.

Strange to say, this latter question, thus raised, strikes with hollow sound upon one of the empty spaces of modern monetary literature.

No one has apparently sought to collect material in order to answer the question categorically; nor, indeed, has any attempt come to my knowledge to compile any table of the rates of exchange of bullion in the market of Paris, such as Soetbeer published for Hamburg, in 1855, and such as was compiled by Mr. Ingham for London in 1830. (See pages 708 and 647 of the Document above named.) But more than this, the

French monetary literature of that early date has suffered from not unnatural neglect.

In fact, both Chevalier and Wolowski, the well-known leaders of French thought, the one in his *La Monnaie*, the other in his *L'Or et l'Argent*, would seem to date the important scientific activity of France from 1803, and to treat what preceded 1803, merely as a preparation for, and purely in reference to, the law of 1803. And, strange to say, both of them mark the beginning of this preparation with a great speech of Mirabeau of December, 1790.

In view of these facts, it has appeared to me useful that I should communicate to the public the results of some researches I have been able to make in the monetary history of France, I have been enabled, by means of these researches, to bring to bare upon the questions here stated, the contributions to monetary discussions of certain contemporary writers, of whom monetary literature does not seem to have taken account. In seeking what was the motive, what the result, of the recoinage of the gold coins ordained by the declaration of 1785, I found full information in the "Requête au Roi," published in 1787, by Mr. de Calonne, the responsible author of that measure. This melting down of gold pieces coined at 14½, and recoinage at 15½, formed a most important episode in the career of the Finance Minister of Louis XVI, which had exile for its close. Formally accused before the Court at Paris, by the Prosecutor-General, of the speculation in connection with the recoinage of the gold coin, and with the management of the finances in general, Calonne published at London a brilliant defense of the measure, worthy of the able and accomplished statesman of the old régime; long extracts of which I have had the pleasure of presenting to the English reader in the document above mentioned.

So far as the adoption of the ratio of 15½ is concerned, I can state the outcome of the matter in a few words. What seems to have determined Calonne to adopt 15½, was the fact that Spain and Portugal had the legal ratio of 16, and that there was, therefore, a probability that in the future gold would rise in value. As for the market price, he admits it was only 15.08—15.12 in 1785. At the same time, according to Calonne, this raising of the legal rating of gold which he had decreed, brought a profit of 7,255,216 livres to the King's purse, and a profit of 21,600,000 livres to the holders of old *louis d'ors*.

Naturally enough, there was no lack of criticism of such an alteration of the coin of the realm.

In a report made to the National Assembly of 1790, on the part of the Committee on Money, there is a severe attack upon Calonne's policy, a reproduction of a paper written in 1785, by a member of the Committee. MM. Bontin, Fargès, Valdeck de Lessart, de Fortbonnais, Desrotours, Dorigny, De la Châtre, Sylvestres de Sacy, Cressart, Tillet, De Borda, Lavoisier, Tournachon, Gresling, Oudart, Gillet, and Solignac were

members of the Committee. Their Report is a profound discussion of the subject, and makes a volume. It was presented to the National Assembly by Mr. de Cussy.

The ideas of Mr. De Fortbonnais and Mr. Desrotours seem to have prevailed in the Report; its conclusions being the silver standard, with an authorized circulation of gold coins, at the rate of $14\frac{7}{9}$, and the abolition of all *retenu* or *seigniorage*; that is to say, the introduction of the English system of gratuitous coinage.

The importance and the interest of this document, which seems to have been completely ignored in monetary literature, has suggested to me the question whether this fact is not another testimonial to the fatal eloquence of Mirabeau, who crushed this Report by his great speech of 1790, of which we have already spoken.

The opinion of the Committee of 1790, which gave it $14\frac{7}{9}$ as the ratio of the two metals in the market, supports the figures given by Dr. Soetbeer for the Hamburg market. In fact, Dr. Soetbeer's tables indicate an average rate for the 50 preceding years, 1740-1790, of the 14.74, which is almost identical with the $14\frac{7}{9}$, recommended by the Committee of 1790. It is evident, then, that Hamilton was perfectly right, in 1791, in establishing the ratio of 15, and that the French Legislator, far from "recognizing" the existence of the ratio of $15\frac{1}{2}$ in 1785, created it at one stroke *ab ovo*.

The events of the French Revolution are so well known, that I may dispense with examining here the condition of the coinage and of the ratio between gold and silver in the period that followed, 1790-1802.

It was by the law of the year XI, of the French Republic (1803), that the principles of freedom of coinage of the two metals, at $15\frac{1}{2}$ to 1, was definitely established, and it was, therefore, in 1803, that the working of the bimetallic system, such as it is known in the 19th century, began in France. We have, then, simply to inquire what was the market rate in 1803, the year of the discussion, and the adoption of the present bimetallic system in France.

It is in the Report of the Consuls, of Gaudin, the Finance Minister under whose auspices the law was passed, that I have been enabled to discover the admission that $15\frac{1}{2}$ was the proportion, not of the market, but of the law.

Gaudin presents, as a quotation, in his report, a long series of observations, made, he says, by one who thoroughly understood the subject, the object of which was to secure the adoption of the ratio of 15. The person thus quoted declares that for a long period, the ratio has been below 15. The decisive point, however, with Gaudin, was, that to change the *status quo*, by the adoption of 15, would occasion great losses to the holders of gold coins, and that there was no sufficient reason for so important a change.

Gaudin's report is, therefore, the complete justification of the ratio of

15 chosen by Hamilton, and condemns, as being absolutely false, the alleged economic facts we have mentioned, namely, "that the legislator of 1803, in adopting the ratio of $15\frac{1}{2}$, did not more than sanction what the natural course of events had established."

I should add here, that, after having announced to the Conference the presentation of the above Exhibit, it came to my knowledge that the latter point had been presented to the public 20 years ago by Mr. Alphonse Allard, of Brussels, in his pamphlet, "*L'Or, l'Argent et le Commerce Belge*." (Bruxelles, 1861.) It was in a speech of Mr. Le Breton, pronounced in a Session of the Tribunate (*Moniteur Francais*, 3 *Germinal*, *An XI*), that Mr. Allard found the assertion, that the price of the market at that date was 14.90.

It is, perhaps, worth while to note here certain observations which might naturally be made concerning the figures given by Gaudin and by Le Breton for the market rate of the metals. At London, as we have already noted, the price of gold rose above 15.21, in 1798, while for Hamburg, Soetbeer gives for the period immediately preceding 1803, an average of about 15.40, while, for 1802, he gives the rate of 15.26. Evidently we have here the well-known phenomenon of "local prices."

It remains to observe a fact connected with the relation of the French legal ratio to the market price of the metals, which is often curiously ignored.

Freedom of coinage, at the rate of $15\frac{1}{2}$ to 1, under the French law, did not tend naturally to fix the rating of the two metals in commerce at $15\frac{1}{2}$. In commerce, the cost of coinage is always to be considered; and the mint-charge in France has always been greater for silver than for gold, reckoning by the value. The rate was originally fixed, in 1803, at 3 francs the kilogram for silver, and 9 francs the kilo for gold. The true rate, then, at which the metals were received at the mint, or what I have called the "mint-ratio," was 15.69 : 1. In 1835, the charge was reduced to 2 francs the kilo for silver, and 6 francs for gold, and the mint-ratio became 15.626 : 1. In 1854, the charge for silver was reduced to 1fr. 50c., and the mint-ratio became 15.586 : 1. In 1854, the charge for gold was reduced to its present rate, 6frs. 70c. the kilo, and the mint-ratio remains a 15.573 : 1, or rather would so stand, if any silver were coined.

EXHIBIT B.

(Presented by Mr. DANA HORTON, page 145.)

NOTE ON THE POSITION OF LAW IN THE DOCTRINE OF MONEY.¹

The true theory of the relation which, in my view, exists between Money and Law, has not yet, I believe, been promulgated, so to speak, *ex cathedra*; it has not yet found its way into manuals of political economy through which the youth are taught, and the greater part of the monetary "powers that be" have not yet consciously framed their political actions in obedience to its teachings.

This view is, in fact, excluded from credence by the doctrines which originally supplied motive for the most striking monetary movement of modern times; the still unabandoned persecution of silver by the civilized nations.

I. *Gold and silver, say the leaders of this movement, are commodities, and they are nothing else.*

II. *Like iron, like wheat, they belong to commerce, not to legislation.*

III. *The stamp of the mint upon the disc of metal is a mere certificate of its weight and fineness.*

IV. *The great law of supply and demand, which regulates the movements and the value of the precious metals, pays no heed to the arbitrary commands of legislatures and of courts.*

The learned reader will recognize these as admitted household truths of the magistral economic science of the day.

The acute reader will observe that with proper interpretation, these postulates are capable of establishing in the field of practical policy that monometallism can do no harm, and that bimetallism can do no good, and that the choice of a money-unit is strictly analogous, to the choice of a unit of weight or of measure. (If proof were needed here, I could most conveniently refer to the expressions of some of the acute and learned European Delegates at the Conference in earlier pages of this volume.) The field is thus, of course, left clear that gold, the lighter, the nobler metal, may draw mankind onward in the path of simplicity, unity, brotherhood, by becoming, as universal and sole money, the brightest

(1) Extract from "Contributions to the Study of Monetary Policy," in the Document of the Monetary Conference of 1878 (Washington, 1879), page 741. Translated by Professor Emile De Laveleye, under the title of "La Monnaie et la Loi."

jewel of that crowning glory of the world's future progress, a metric system embracing the entire globe.

And in favor of these postulates, and of the conclusions they justified, and of the hopes they inspired, it has long been possible to cite the practice of England, the policy of Germany, and the aspirations of France.

On the other hand, the late monetary action of the Government of the United States, not in coining the new silver dollar, be it understood, but in limiting the coinage and in calling the Monetary Conference of 1878, while it was the announcement of a policy of practical opposition to that which prevails in Europe, was also in the field of science, if rightly understood, a Declaration of Independence from the scientific errors of the anti-silver theories.

By the law of 28th February, 1878, the United States became a teacher of reformed monetary doctrine.

The United States proposed to Europe concurrent coinage of silver and gold at one ratio, with a view to their concurrent use in the countries of the proposed union, and the comparative steadiness of their relation to each other every-where; and to do this was equivalent to an assertion by the United States, with that far-resounding utterance of which none but a great nation is master, that human law is a factor in the movement, and of the value, of the precious metals.

It is impossible to exaggerate the importance of the international questions to which the world's attention has thus been directed. The material interests of mankind are still hanging upon the issue of this controversy of the nations upon a question of fact. All science agrees that steadiness in value is the test of good money, and every one knows that "confidence is the life of business." If national laws be an important factor of demand or of supply of the metals, and hence a factor of their value, the monetary structure of the world, the entire economic organism in many countries, has been and must remain at the mercy of ill-advised legislation even in the few; while in the practical problem now at issue, it must be recognized that the persecution of silver being an attack against the steadiness of purchasing power of the world's money, both silver and gold; a disturbance of the world's valuations; a paralyzing blow at the world's production and exchange; from which mankind may still suffer for years to come as it has in the past, the remedy for a great part of the general evils under which the business world now suffers, is to be found alone in concurrent monetary legislation, either in a new balance of power or in international union; if this be the teaching of scientific truth, and if the hitherto recognized interpreters of science have failed to enforce it, it is plain that "science" is in crying need of renovation. In any event, the question has been raised, and the brain and heart of the thinker should be called into fullest activity, that the contest be at least decided as soon as possible.

If, therefore, an aggressive statement on my part can contribute to

provoke from an opponent a successful refutation of these views, I shall still, though shown to be in error, have humbly served the cause of truth, and I shall rejoice if a list of materials¹ of knowledge shall have afforded to my further-seeing adversary any additional means of accomplishing this end.

In my own ascertainment of the necessity of a reformation of monetary science (so at least I regarded it), by according to private law, and to statute, a position in the doctrine of money analogous to the place which I have assigned to it, in a list of books, an analysis of what the best minds had been able to advance as the argument for the gold standard, long ago led me to seek to formulate for myself ("Silver and Gold," Cincinnati, 1876), with some precision, the logical foundation of their doctrine. It was thus that I was led to discover, as I believe, the remote origin of this theory as to demand and supply of, or causation of the value of the precious metals. This theory of the partisan of gold and persecutor of silver, seemed to me to connect itself directly with a most ancient root of opinion, whose familiar fruitfulness in fallacy well accounted for the peculiar vigor of this redoubtable offshoot.

I refer "to the Law of Nature, or Natural Law."

Time forbids my attempting to sketch the history of this theory; suffice it that the thoughtful student, whether of morals or of religion, of politics or of law, will recognize it as a time-honored and ever-fertile mother of the false as well as of the true.

What share of fact is there, then, I ask, in the underlying substratum and foundation of this theory of the partisans of gold and persecutors of silver, in this assumed antithesis, this supposed mutual exclusiveness of jurisdiction between *edict, decree, legislation, law, the arbitrary and official command of the State*, on the one side, and *nature, natural laws, the needs of commerce, the wants of trade, the natural course of events, so far as money is concerned?*

Contrast there is, of course, and ever will be.

But to what extent are the precious metals, and coin made of them, subjected to the influence of these great forces, respectively? What is this "natural" state of affairs to which points this theory of the partisan of gold and the persecutor of silver?

Obedient to this hint, I followed money to its state of nature, to an imagined origin of civil society. Civil society, I saw, implied the growing recognition of obligations, and an inchoate but progressive enforcement of them. These obligations implied constraint of the free-will of the individual by the free-will of the community, or of its appointed ruler; and hence, as compared with previous conditions of its constituent parts, society itself meant something artificial, arbitrary, official; and the contrast could only be, in important respects, heightened as time went

(1) This paper appears in the Document of the Conference of 1878, as a note to a Bibliography of Money.

on, for while the individual was born and died, society did not suffer death, and its corporate existence, through its perpetuation, gathered accumulation of authority.

What was the position of money in this change? Was it not, I asked, a constituent factor in the evolution of society?

These obligations of which I have spoken, this differentiation of functions involved a division of labor, and compensations must be made by one part of society to another, and notably to the governor by the governed.

And what is this but saying that tribute and taxes are indispensable to civil society?

Again, without sanction of some sort, the obligations of law are ineffective. Of what avail this moral growth, this recognition and creation of obligations, this sense of the right to enforce them, if there be no means of enforcement, no power to compel to submission the individual who is insubordinate to the collective will? Hence, the command of obedience to the law must be supplemented by adequate means, either of prevention or of punishment. In fine, a penalty must be imposed for transgression. In many cases, this penalty, being proportioned to the offense, must be, not loss of life or mutilation of limb, not loss of liberty nor of privilege, but a simple transfer of property to the injured party, or to the State. So, again, in matters not criminal in their nature, when specific performance of obligation, refusal by the recalcitrant party, can not be conveniently enforced by the State, the injured party must be made whole by a transfer to him of the property of the other.

It is obvious, then, that if the origin of society implies an attempt at the administration of justice, it also implies fines and damages.

And what is the substance, the material of tribute and fine, of taxes and damages? Evidently, whatever it is, it must be money.

The power which demands them must say in what commodity the command can be lawfully satisfied, and whatever use there may be of payment "in kind," yet the institution of money is in existence. Cattle or shells, salt or silver, something has become, for the occasion, *lawful money* and *legal tender*.

Commerce, be it not forgotten, has been contemporaneously present in the evolution of society, and commerce has created a medium of exchange out of something generally acceptable as an equivalent. The individual has obeyed his needs, and he, as well as society, has made use of a money. Nay, the individual and the State, the convenience of both conspiring to that end, have used the same commodity as money. The merchandise which serves as income and expenditure of the State, and the enforced transfer of which gives law its sanction, has also supplied to the individual that "third thing to be compared with others," that "measure" which, in facilitating exchange and the division of labor, furthers civilization.

The money of commerce, therefore, and the money of the State are materially one; but the origin of this unique product is twofold. It is referable to distinct though correlated causes. In demand for a money the total free-will of man has, so to speak, divided itself into two channels of volition. The necessities of Government, in which is incorporated a part of the free-will of man, conspires with the needs of the individual who makes exchanges with his fellows in the creation and in the maintenance by all the force of private law of the institution of money.

So, in later stages of development, the existence of a form of capital which can be most easily transported in space and preserved in time, finds its support in that activity of the law to which interest, fungibility, negotiability, are to be referred. In the lore of possession and of property, that debatable ground both of practice and of legal doctrine, money acquires a standing entirely different from that of ordinary movable commodities, and a loan of money becomes different, in the eye of the law, from the loan of other commodities, while the right of drawing interest, as now recognized, is the product of a slow evolution of legal rights.

Such, then, seemed to me, in brief, the nature of the institution of money. It is this phase of coin which is neglected in the postulate first mentioned.

Now, this institution of money evidently necessitates, in each nation, the selection of some particular commodity to be used as money by its members, and the initiative and control of this selection is in the centralized power of the State.

We see here the power of legislation in the narrower sense of the word.

In every nation, arising from the mere fact of its organized existence, there is a universal and persistent need to employ something not merely as a medium of exchange, but as the legal instrument of valuation and legal means of payment, as lawful money and legal tender. It is legislation which directs this universal and persistent force upon this or upon that commodity, and in marshaling the force of human self-interest upon its side, it provides effective means for the execution of its edicts. It thus affects the demand for the commodity selected, and if this be so, the second and fourth postulates of the partisan of gold are shown to be erroneous. In modern days, this initiative and control is peculiarly the province of the State. Centralization has grasped the reins of money. The great modern movements in extension of what we call the "credit system" are an indefinite expansion of these very obligations over which, by fixing means of their fulfillment, the legislature and the court inevitably hold jurisdiction.

But it may be supposed—and great minds have naïvely sanctioned this error—that there is no range of choice for the legislator in the selection of money; that he is powerless in the hands of commerce; so that his functions are merely ministerial, and his efficient influence *nil*.

Let us examine, in this connection, the third postulate : *The stamp of the mint is merely an official certificate of weight and fineness.*

Is this true? Is not the stamp of the mint far more?

By that stamp, bullion, which before was only potential money, a part of the physical basis of the world's great institution of money, has become actual money in the State which coins it. Through that stamp, the piece of metal has become a means of payment, at schedule rates, of all obligations enforceable within the borders of that State. Through that stamp, the commodity bullion, has become the commodity money.

Now, in itself, this formula, this "official certificate of weight and fineness," does not explain the nature of the commodity bullion. It does not explain the nature of the commodity money. Nor does it indicate the reasons why this stamp works the transition from one to the other.

Evidently, then, this, "official certificate of weight and fineness," to which most economists try to limit the activity of the legislator, is essential in the doctrine of money, just as in war the clothing, the uniform of the soldier, the title of the officer, are really matters of first importance.

An army naked and without organization, is evidently as little to be thought of as money without mints.

But, at the same time, to dignify this matter of the "stamp of the mint and official certificate" to the position of being an exhaustive formula of monetary science, is it not as if we would gravely assert in ponderous volumes, that campaigns are matters of epaulets, and that the fate of nations depends upon gold braid and striped pantaloons?

On the other hand, if this dictum, instead of being presented as an exhaustive formula of science, assume the more modest rôle of a simple rule of the art of money, a maxim of monetary policy, it entirely justifies itself. If we say merely, "the stamp of the mint *ought to be* an official certificate of weight and fineness," which is as if one should say, "that which is called a dollar, *ought to be* worth a dollar in the market," we find ourselves in possession of a sound and solid guide to action.

It is as if one should say, in speaking of the art of war, "armies should be clothed in uniform, and be commanded by officers of varied grades of command."

What can be more true and yet more innocent of scientific importance?

But if the interpreters of science have rejected the maxim of policy, and cling to the formula of science, it is evident that we are more advanced in the art of war than in the doctrine of money, the great art of peace.

In this connection, I may mention another dictum which rejoices in the indiscriminating support of some distinguished men. "It is impossible to establish an unalterable ratio between the two metals." A dispassionate consideration will, I think, show that this dictum is likewise true to a slight extent, and untrue to a very great extent. And this

modicum of truth, like the skin of the Dead Sea Apple, is on the outside, and intercepting the glance, deceives the unwary eye. Does not this dictum stand, in fact, upon the same level with the doctrine "it is impossible for a man to draw a line absolutely straight;" or is it not, in truth, parallel with the denial of the possibility that the world can show two things which are exactly alike?

Undoubtedly, if the civilized nations were to join in coinage of both metals at one ratio, a small proportion of the total of exchanges of the metals might still be made at a different ratio. Human free-will is not likely to abdicate its privileges in favor of a Coinage Treaty. Of course, a single exchange made any where in the world, at a ratio above or below that fixed by the supposed Treaty of Christendom, would make the desired break in the uniformity. When the strain is from one end to the other, the strength of a chain is that of its weakest link. Of course, no matter where the break is in the line, if there be a break, the line is not absolutely straight. If two objects be, in ever so slight degree, dissimilar, their identity disappears. So it is true that it is impossible to establish in permanence and universally a fixed ratio between the metals, as it is true that no one can draw a line absolutely straight or show two things that are exactly alike.

But, at the same time, this so-called "impossibility" of a fixed ratio between the two metals is as unworthy to support a statesman in denying the possibility or desirability of a successful establishment of a fixed ratio, as the impossibility of making any thing straight, or of making two things alike, is unworthy to prevent the construction of machinery and works of engineering. Machinery and engineering works all demand, for their perfection, straight lines and identity between different parts. At the same time, substantial straightness, substantial identity, will suffice. In practice, the infinitely small can be neglected by the engineer and mechanician; why not by the statesman, why not by the economist?

Returning now to our question, we ask, What are the facts in this matter of the legislator's choice of material of money. Leaving copper out of account, to-day there are various weights of gold and various weights of silver. Can not the legislator fix the weight of coin as he will?

Again, there are the two metals taken together under a variety of conditions, and they can be taken at any one of a variety of ratios to each other.

And the protean forms of credit, metallic tokens and paper money, are also constantly at hand.

The history of our century is full of legislative acts of selection of these kinds.

A consideration of facts comparatively familiar will plainly show that if in one nation the monetary legislator has avoided the Scylla of paper money, and with a single metal sails past the Charybdis of a ratio, yet he

is still at sea; he must either select afresh, or he must maintain some fixed weight of that single metal as the legitimate successor of that national unit of valuation which the past has transmitted to his care. And that unit of valuation must be saved from the shipwreck of great fluctuation in its purchasing power. If the single metal fails to support that unit steadily, the legislator must be ready to change his course, and to hoist what sail of law is needed (whether it be an Act of Suspension of Cash Payments, or of the "Bank Act," or a new Act of Coinage or of Legal Tender), if only he can keep free of the breakers. It must also be clearly remembered that for the monetary legislator there is no port of refuge absolutely safe. Money is only by courtesy a part of a metric system; it is folly to forget, as the monetary metrologist is constantly doing, that there is no real "standard of value;" the safest of all safe footing for the monetary legislator is at best but an instrument of valuation that contracts and expands under the action of demand and supply, and it is as true of the monetary legislator as of the mariner that constant vigilance is the price of safety. And the safety of the money interests of commerce lies in keeping money under the constant protection of wise laws.

Such, then, are in brief the grounds upon which I have felt it necessary in presenting a list of modern publications concerning money, to warn the student against error by vindicating to the jurist and to the statesman a jurisdiction in the doctrine of money by the side of that of the professed economist.

It remains, however, to anticipate a reply which will naturally occur to one who has pinned his faith upon the postulates which I seek to refute. I desire to say clearly, therefore, that the position here ascribed to law in the learning of money in no sense demands the exclusion of a single one of the other elements of this learning which I seek to set forth in this list. The entire tide of human action, the entire material of which political and economic science treat, have, of course, been elements of the conflict of forces of which the monetary status at any given time, is the outcome. The position of law is merely that of the seeing eye, the guiding hand, the will directed, specially, to the maintenance of money.

Law alone has acted with constant and effective force in one general direction to this end.

Amid a wilderness of conditions the law has been a cause.

In a state of quiescence one may remain ignorant of the persistent force of monetary law; just as one can remain unconscious of the force of gravitation. But the force is there, and the maxim, ignorance of the law excuses no one, is also in force in both cases. The innocence with which one may slip from a precipice or stand in the way of an avalanche is no preservative against death from such attempts to ignore the force of gravitation. And, like gravitation, the power of law can be effective, although, its activity be not apparent. It can be active by what, from a

partial point of view, would seem merely passive, negative, mere acts of omission.

It is strange to what an extent some thinkers have been blinded to the truth; as if a statute, any more than a granite boulder, could lose its weight by lying still!

An illustration close at hand will perhaps clear up this contrast between conditions and a cause. A quarter of a century ago, when Australian and Californian gold, added to the outflow of Siberia, threatened to bear down to permanent depreciation the entire stock of the world's money, France and England were called upon by certain thinkers to demonetize gold. It could have been done. English and French statutes had as much power to outlaw gold in England and in France, as had the statutes of Holland and the statutes of Belgium to exclude it from legal tender in those States. Parliament and Emperor could have passed the statutes had they desired it. They refused to do it. The older statutes remained in force. They maintained gold in its monetary privileges, and they saved gold. But for statutes, to be read in the books which I have cited, gold would have been where silver is to-day.

And yet, as I have said, merely because the statutes had been in force for a long time, it is not uncommon to hear that in the presence of the gold discoveries, law was powerless!

Of course, it should be understood that while law remained a cause, there was a change of monetary conditions; the discovery of the gold fields and their colonization, like these laws which maintained gold, were also acts, and of course they can not be left out of account, but there was in them no centralized power molding the institution of money to definite ends. Add to the secrets of the earth the nature of man, with his adventurous spirit of gain, and Australia and California are accounted for. Swarms of men sought to profit in exhuming the yellow metal from untrodden fields. But would they have sought it as they did if the yellow metal had not been money. In any event, the monetary policy of the world remained in the hands of its laws.

I may, in conclusion, glance at a truth which has been permitted to assume in the eyes of thinkers proportions so exaggerated as to obscure other truths more important. Monetary laws have been passed by great States and yet have shown themselves powerless. Upon the statute books of England, of France, of the United States, are monetary laws which have, for a generation at a time, remained, to a large extent, a dead letter.

What bearing has this fact upon the position of law in the doctrine of money? To this I answer, that these facts are entirely in accord with the doctrine I have stated. This point is the favorite stumbling-block of the two extremes in this great controversy concerning the nature of money; the orthodox "free trader" in monetary science, who knows no law but that of "commerce," on one side, and on the other the "fiat

money man," who sees nothing in money but a "sign of the will of the Czar."¹

In matters of money, as elsewhere, the strong rules the weak,

An enactment that conflicts with the habits and interests of the citizen is not as successful as one which enlists these habits and interests on its side. In like manner, an enactment of one nation which is in conflict with the remainder of its laws, or which is in opposition to the stronger laws of other nations, will naturally fail to attain its avowed purpose. Its avowed purpose, or the purpose imputed to it, is, in a word, not the test of its power. The question whether this or that enactment will exert a certain influence upon the demand or supply of money is not, as the two extremists would suppose, a question of phraseology, but a question of fact. For example, the laws of legal tender a few years ago made the gold dollar a legal tender at par with greenbacks in New York, and the greenback dollar a legal tender at par with gold in San Francisco. In New York it was the greenback and not the gold dollar, while in California it was the gold dollar and not the greenback which circulated. And yet, this fact is not derogatory to the views I have stated.

But, in answering the inquiry, what is the wisest coinage policy for the United States, I can, perhaps, even more forcibly illustrate the sincerity of the views here stated. Since the silver question came to the foreground, in 1876, I have endeavored to point out not merely the unwisdom, but the danger, of coining any silver at all in the United States; and I did this in the interest of bimetallic union.

Free coinage here, while Europe rejected silver, would mean silver monometallism in time, and a temporary success for gold monometallism in Europe; and to create a demand for silver here was, in fact, to delay that process of education by which Europe was prepared to profit, unless we should relieve her for a time of the necessity of study.

A law for restoration of silver on a par with gold in our coinage, while it would be nominally bimetallic legislation, would thus only further the ends of monometallism, while the true policy for the time was to remain monometallic in practice, coining only gold, but to become bimetallic in precept, exerting a vigorous and aggressive influence to convince Europe by argument, as well as by the logic of domestic disaster, that, for her own interest, her wisest course was to join the United States in the formation of a vast bimetallic union, thus restoring to silver the position to which nature, history, and the needs of the whole world entitle it.

(1) In a paper on "Extremes of Opinion on the Causation of the Value of Money, or the *Laissez faire* Theory and Iwan Possoschkow," printed in an Appendix to "Silver and Gold," 1877, I have tried fully to set forth this contrast (See Exhibit F, 12th Session page 496.)

EXHIBIT C.

(Presented by MR. CERNUSCHI, page 159.)

MEMORANDUM OF MR. R. B. CHAPMAN, OF THE FINANCIAL DEPARTMENT OF THE GOVERNMENT OF INDIA, ON AN INTERNATIONAL BIMETALLIC STANDARD MEASURE OF VALUE.

1. The Honorable the Financial Member has invited me to place on record the views which have, after long study, been forced upon me by an ever present sense of the danger, to which, not only the finances, but all the domestic interests of British India are exposed, so long as the chief national standards of value are in their present isolated and unprotected condition.

2. The importance of this matter is indeed such that it can seldom be absent from the minds of any one engaged in the financial administration of British India. The question does not, just now, assume so urgent an aspect as it has sometimes done, and as it may do again any day; but, in some respects, this makes the occasion only the more suitable for its discussion.

3. *Distinction between a standard and an instrument of exchange.*—In dealing with this subject, it is necessary to bear clearly in mind the distinction between the use of any substance as a standard measure of value and its use as money, that is to say, as an instrument for the transfer of value measured by such a standard. Money may be represented by various instruments possessed of no intrinsic value; and value is, for the most part, actually transferred by means of such representative instruments as bank or currency notes, bills and checks, or, even, without the intervention of such instruments at all, by entries in bankers' books, and at clearing houses. All such devices are independent of the standard measure of value itself, which is, by the hypothesis, fixed, and can only be altered by legislation.

4. *Distinction between substantive and representative money.*—It is also important to distinguish clearly between money proper, which must be made of the substance of the standard itself, and the various devices employed for representing money. Money proper of the substance of the standard, alone possesses an original, inherent, and intrinsic legal-tender force, *vis liberatrix*, or, as the French call it, *force libératoire*. The various representative expedients have only a derivative *vis liberatrix* possessed in

virtue, not of any inherent quality of their own, but solely of their convertibility into money proper. Hence, money proper is alone capable of permanently storing value, and of transporting it from one place to another. Bills of exchange can not do this; they only set off value existing in one place against value existing in another place.

5. *Value of material of standard. Object of a standard and of money.*—A sufficiently general and permanent adoption of any substance as a standard measure of value, by insuring its employment as money, and also for hoarding, greatly enhances its value; but any confusion between the objects and attributes of a standard measure of value and the objects and attributes of money, whether real or representative, must involve the erroneous treatment of any problem regarding such matters. The object of a standard measure of value is to regulate all contracts subject to the standard, expressed in money; money, and the various devices representing money, are only the instruments by which value is hoarded, transported, or exchanged, according to the standard.

6. *Instability of existing standards.*—Every civilized nation, at present, uses for its standard measure of value either silver or gold, or some combination of these two metals; and, as the value of these metals themselves depends, immediately, almost wholly upon their employment as standard measures of value, and, therefore, as money, the substitution of one for the other, by any important community, inevitably enhances the value of the adopted metal at the expense of that of the rejected metal, and thus, by a double effect, disturbs the relations between the two metals. Moreover, apprehensions that such a substitution by one community may lead to similar substitutions by other communities, are likely to intensify its opposite effects upon both metals.

7. *Causes of their recent disturbance.*—There is not, now, it is believed, any doubt (1) that the long-standing equilibrium between gold and silver continued till 1873, generally, because, while it prevailed, no considerable change took place, throughout the world, in the several national standards of value, and, specially, because the French Monetary Law of 1803 provided for the constant optional interchange of the two metals at a fixed ratio; or (2) that the disturbance of that equilibrium since 1873 is the consequence of the substitution of gold for silver as the standard measure of value in Germany, followed by the closure of the Mints of the Latin Convention to the less valuable metal, and the withdrawal of the optional interchange of the two metals heretofore allowed within the jurisdiction of that Convention.

8. *Conclusions, in 1876, that the value of gold, and even silver, had risen.*—Appended to the Resolution of the Government of India in the Financial Department, No. 3044, dated 22d September, 1876, are statistics of the course of wholesale prices of certain typical commodities measured in gold and silver, before and after the disturbance of the equilibrium of gold and silver in 1873. In the 19th paragraph of that Resolution, the

Government of India stated that those prices indicated that gold had, till then, risen in value since the equilibrium of the precious metals had been disturbed; and that there was, at that time, no evidence that silver had fallen in value, either in India or even in London.

9. *Subsequent phenomena*—In an Appendix to the present Note, the process and values of the commodities then quoted for April, 1876, are compared with their corresponding prices, and value in December, 1879, being the latest figures at hand for both India and Great Britain. There has been a reaction in some of the prices quoted in India, which appears to be chiefly due to the recent unfavorable seasons; but in only nine¹ of the eighteen examples quoted are the values of commodities measured in silver, even now, higher than they were in March, 1873. It is unnecessary to examine these phenomena further in detail, because little could be added to Mr. Robert Giffen's able analysis of wider facts of the same character, in his paper read before the Statistical Society, on the 21st January, 1879, and printed at page 36 of the Society's journal for that year. Since that date, however, there has been a decided rise in prices; in other words, a decided fall in the value of both metals.

10. *Confirm the conclusion of 1876*.—There appears to be no room now to doubt the correctness of the conclusion which the Government of India announced more than three years ago, or, that it is still true that the value of gold has rather risen than fallen since 1873, and that, contrary to general expectation and popular belief, the value of silver has also risen, and has not, even yet, fallen; in short, that of the five possible causes, to one or other of which the Government of India said, in the 6th paragraph of the Resolution of September, 1876, that the disturbance of the equilibrium of the precious metals must be due, the first is, as yet, still the actual cause, namely, while the value of both metals has risen, the value of gold has risen more than that of silver.

11. *This conclusion is confined to the facts apart from their causes*.—This conclusion is one of fact only. It would indeed be folly to base any action upon such facts without first forming a judgment upon the influences which have produced them, in order to an opinion especially whether these influences are permanent or only temporary. But it is essential to a profitable and practical discussion of the present problem, not to confound the comparatively simple question whether the value of the precious metals has or has not risen or fallen, with the complex question what influences may have produced either result. Regarding these influences, there are likely to be almost as many opinions as there are men; and an answer to the question whether they will operate permanently or only temporarily may be difficult, and can never be more than a mere opinion. But an answer to the question whether, as a matter of fact,

(1) In England—Beef, sugar, and saltpetre: and in India—Spelter, hides, jute, linseed, and wheat.

prices have, on the whole, risen or fallen, in other words, whether the value of gold and silver has increased or decreased, is comparatively easy; and it is only with the facts, and their consequences, that we are, in the first instance, concerned.

12. *Fall of value of one commodity implies rise of that of its correlative.*—It is strange that such phenomena should be frequently discussed, even by experts, as if an increase in the value of any commodity relatively to the rest of commodities as a whole, could be attributed to a fall in the value of the body of commodities to the exclusion of the conception of a rise in the value of the excepted commodity. It is surely as inconceivable that the value of one commodity should decrease relatively to that of another without a correlative increase in the value of the commodity compared, as that one scale of the balances should fall without the other rising.

13. *Values of silver and gold still higher than in 1873, but future of silver still doubtful.*—Whatever, then, be the influences which have produced the present phenomena, and whether these phenomena may be expected to endure or not, it seems impossible, in the meanwhile, to dispute that the general range of both gold and silver prices are still lower, in other words, that the values of both those metals are still higher than they were in 1873.

At the same time, as it is impossible to foresee the extent to which pressure may be further transferred from silver to gold, no one can feel at all confident that silver will keep the value it has hitherto maintained, or even that fresh events, such, for example, as the final demonetization of silver by France, may not, as pointed out by the Government of India, in paragraphs 36 to 38 of its Dispatch No. 868, dated 13th October, 1876, make the retention by any civilized State, of silver as its standard measure of value difficult, if not impossible.

14. *Loss to India from enhancement of her fixed gold obligations, about 2½ crores of rupees a year.*—It seems clear, then, that the loss to British India consequent upon the phenomena under discussion is to be attributed, as yet specifically, to the rise in the value of gold, and the concomitant enhancement of the obligations of British India fixed by the gold standard. The amount entered under the adjusting head loss by exchange, in accordance with the present system of the Indian Finance and Revenue Accounts, is not the measure of that enhancement which can not be ascertained by a comparison with the conventional par of *Re. 1=2s.*, and must be reckoned only upon the fixed portions of the disbursements from the Home Treasury. Thus calculated, this enhancement does not, probably, as yet, exceed 2½ crores of rupees¹ a year, which

(1) This estimate is thus made:

Net yearly obligations of the Home Treasury Fund fixed in sterling, about	£111,750,000
Equals, with silver at—	
50d. an oz. (exchange about 1s. 7d.)	Rs. 14,66,00,000
60d. an oz. (exchange about 1s. 11d.)	Rs. 12,22,00,000
Loss, upon the assumption that the fall in the exchange is due, exclusively, to a rise in the value of gold,	Rs. 2,44,00,000

sum may be taken as a full estimate of the loss to British India from the disturbance of the equilibrium of the precious metals which existed in 1873.

15. *Considerations affecting this estimate.*—But it must be remembered, on the one hand, that this estimate is confined to the consequences of the increase of the value of gold in excess of the increase in the value of silver, and does not include the loss due to the rise which is common to both metals; and, on the other hand, that, although owing to metals being linked together through the French Monetary Law, there was no disturbance of their relative values, and so the fact received comparatively little practical recognition, yet there is no doubt that in consequence of the gold discoveries in California (1848) and Australia (1851), the values of the precious metals were in 1873 still abnormally depressed. Their present values will probably prove to be more permanent than their values in 1873.

16. *Chief item of loss to India.*—The chief item of loss to British India is due to the fact that during the period 1850–1873, when the value of the precious metals was so abnormally depressed owing to the gold discoveries, that the general standard measures of value were perhaps 25 per cent. below their usual range, India borrowed, for the suppression of the Mutiny and the construction of railways, 164½ millions sterling, on which India must continue to pay interest at the covenanted rates by standards which have nearly, if not quite, recovered what will probably be found to be their normal values. The burden has, however, been mitigated by the subsequent reduction of the rate of interest on most of these loans, excepting some of the guaranteed railway loans; and it can not be confidently assumed either that India would have been able originally to borrow on the same terms, if the range of the standard measures of value had not been depressed, or, on the other hand, that the subsequent reduction of the rates of interest upon those loans would have been possible if there had been no intermediate recovery of the values of the precious metals.

17. *Advantages expected from international bimetallic standard.*—The grounds upon which it is considered that British India would be benefited by the adoption of an international bimetallic standard measure of value may now be discussed. Two practical advantages are anticipated from the adoption of such a standard by all nations or even by the leading commercial nations: First—Fluctuations of exchange between the moneys of different countries would be confined within narrow limits. Secondly, and principally—The standard measure of value would gain immensely in that stability, which is, above all things, to be desired in a standard.

18. *Fluctuations of exchange.*—Speaking, first, of fluctuations of international exchange, it is unnecessary to dilate upon the inconvenience which they may cause to trade. Possibly, indeed, this inconvenience

may sometimes be over-estimated; for the direct effect of a fluctuation is confined to engagements already contracted and in course of fulfillment; it can only affect subsequent transactions by inducing apprehensions that renewed fluctuations may vitiate the calculations upon which they are undertaken. Not only, however, are such apprehensions often sufficient to paralyse trade, and not only must repeated fluctuations cause serious and unmerited losses to honest traders, but, which is perhaps worse, uncertainty as to the international exchanges introduces an avoidable element of speculation injurious to sober, prudent, and honorable, and, therefore, permanently profitable commerce.

19. *Their main cause. Advantages of their elimination should not be overrated.*—Fluctuations of exchange between two countries must be mainly due to variations in the standard measures of value of one or both countries. If two countries use one standard measure of value,¹ whether they use the same unit or not is a matter of little importance, the fluctuations of the exchange between them can not exceed the narrow limits of the cost of transporting the material of the standard from one country to another. Such stability of exchange is of considerable advantage; but it is important not to exaggerate its scope, or to forget that fluctuations of international exchange might be thus almost wholly eliminated, not only without any improvement to the stability of the common standard measure of value, which is its only indispensable attribute, but even with a simultaneous deterioration of that characteristic.

20. *International bimetallic standard existed under French Law of 1803.*—The international bimetallic standard measure of value actually, to a great extent prevailed throughout the whole world as long as the French Monetary Law of 1803 was in operation. This truth may not even yet be generally recognized; but it is indisputable that so long as gold and silver were freely interchangeable in France, at a fixed ratio, that ratio necessarily governed the relations of the two metals, and, therefore, the value of each throughout the world. The sole gold standard of England and the sole silver standard of India were alike wholly subject to the influence of the French Law, and not, as has been supposed independent of it; the values of England's gold and India's silver were absolutely controlled by the French Law.

21. *Its effect upon the stability of exchange.*—Doubtless, that law could only operate freely and fully while France possessed sufficient stores of both metals. Before the gold discoveries of 1848 and 1851, the French Monetary Law had ceased to maintain the value of silver measured in gold, which commanded a small varying premium; and had the gold discoveries of California and Australia been repeated conversely, as her

(1) Of course the conditions on which standard money can be coined in the two countries must be stable. It is not enough that the same substance should be used, the mint conditions must be invariable.

silver stores were exhausted, the French Monetary Law would have in like manner ceased to maintain the value of gold measured in silver. But this only shows that the demand for metallic, that is, intrinsic money, in France alone, great as it is, is not sufficient to maintain such a law permanently, under all circumstances, and must not be allowed to obscure the fact that the French bimetallic law alone did confine fluctuations in the relative values of gold and silver throughout the civilized world, for three-quarters of a century, within narrow limits.

22. *Bimetallic standard not essential to stability of exchange.*—In theory, however, the bimetallic standard is not, in any sense, indispensable for the elimination of all avoidable fluctuations of exchange. Manifestly the same result would be attained by the use of any other common standard, say, for instance, either gold or silver. In order that there may be no substantial fluctuations of exchange between two or more countries, the one and only thing needful is that they shall measure value by one standard, whatever that standard may be; and no other device will prevent such fluctuations.

23. *Stability of standard.*—But, obviously, the degree of stability of an international standard measure of value must depend entirely upon the particular standard selected. This suggests the second and principal advantage that is to be expected from the adoption of an international bimetallic standard measure of value, namely, the vast improvement of that stability of the general standard measures of value which is of such supreme importance.

24. *Injurious consequences of its recent disturbance.* It has been observed that the substitution by Germany of gold for silver as its standard measure of value, followed by what was, in effect the same action by France and her associates in the Latin Convention, was the immediate cause of the recent disturbance of the long-standing equilibrium of silver and gold, and so aggravated to British India the consequences of the recovery of its value by gold which was already in progress, as to cause to it a loss upon its public obligations measured in gold, estimated at about $2\frac{1}{2}$ crores of rupees a year. A loss in the same proportion was caused upon all other obligations fixed, by contract or custom, by the gold standard. Doubtless, the transfer of pressure from silver to gold, which produced these inconvenient consequences, must have, proportionately, counteracted the rise in the value of silver, which would otherwise have been greatly accelerated, and India must have obtained some compensation for the enhancement of its public gold obligations in the correlative depression of its public silver obligations. But if British India be treated as a whole, only its foreign obligations need, for the present purpose, be considered; and the fixed foreign obligations of British India, measured in silver, though large, bear so small a proportion to those measured in gold, that it is certain that, after all

sets-off, there must remain a large balance of loss caused to British India by the action, first of Germany, and then of France.

25. *Stability of standard should not be liable to disturbance by action of one nation, as it now is.*—No one can say whether the Governments of these two countries, especially that of Germany, which originated the disturbance, fully perceived the injury to the general interests which would follow upon the change of their national standard measures of value. Inasmuch as Germany herself has suffered and is suffering, as is believed, in proportion, as much by the change of its standard measure of value as any other nation, it may perhaps be presumed that the nature and effects of that measure can not have been altogether appreciated by its authors. However that may be, it is surely a most serious evil that a single nation should, by a domestic action of this kind, whether intentionally or not, inflict upon other nations grievous injuries against which they are powerless to protect themselves.

26. *International remedy urgently required.*—As things now are, the stability of the standard measures of value throughout the world is at the mercy of any single considerable nation, which can, at its pleasure, practically overthrow such stability with all the great interests dependent upon it. All countries alike are, however, deeply interested in the avoidance of any disturbance in the general standard measures of value; and it may be hoped that, when the vast importance of the general interests at stake is perceived, it may be possible to obtain a mutual undertaking by each nation not again, without international consultation and consent, to take any steps of this kind, involving, of necessity, the disturbance of the general bases of contracts. Certainly it would seem that this, of all others, is a matter in which the comity of nations should act, under all circumstances, in common accord; and that resort should be had to all the sanctions and restrictions which international engagements can supply, in order to prevent a recurrence of the evils to which recent events show that all nations are now helplessly exposed.

27. *The best international standard measure of value.*—Thus far the following two axioms have been established: (1) That it is highly desirable that all nations should measure values by one standard. (2) That the common interests require that no important nation should alter its standard measure of value without the consent of the rest.

The further problem may now be considered: what would form the best common international standard measure of value, if the principal nations should agree to adopt one. This question resolves itself into the previous question, what would be the most stable possible standard, for, beyond all doubt, the most stable standard which is in other respects suitable, is the best standard.

28. *Such a standard must be gold, silver, or a combination of the two.*—It is unnecessary, in the discussion of this question, to go behind the precious metals, or to inquire why, by general consent, gold or silver, or

some combination of these two metals, are in use as standard measures of value by all civilized nations, to the exclusion of all other standards. There is no doubt, indeed, the occasion for the present argument would demonstrate the fact afresh, if such demonstration were necessary, that the value of the precious metals themselves is far from being immovable, and, therefore, that they are far from constituting perfect standard measures of the value of other objects; but, from time immemorial, better and more able standards have been sought in vain. It would, therefore, be unprofitable to advert further to such speculations, it being practically certain that, in practice, among all civilized nations, the precious metals must continue to constitute the standard measures of value to which all contracts, not otherwise expressed, must be referred. In what follows, therefore, it will be assumed that the choice of the best possible standard measure of value lies, practically, between gold, silver, and some combination of these metals.

29. *Stability of standard to be distinguished from stability of exchange.*—The problem now to be investigated has no immediate bearing upon the fluctuations of international exchange, which can be prevented, absolutely, beyond narrow limits, by the use of any suitable common standard measure of value, and in no other way whatever. It signifies nothing, so far as stability of exchange alone is concerned, whether such common standard be gold or silver, or a combination of the two metals, or any other possible substance or device whatever. In order, however, to ascertain the effect upon the infinitely more important stability of standard—of the adoption of one or other of the three possible standards, namely, gold, silver, or some combination of the two metals—it is necessary briefly to examine the causes which regulate the values of the precious metals.

30. *Causes of values of precious metals.*—In their nature, these causes do not differ from those which regulate the value of any other object. Value is essentially a relative, and not an abstract conception; and the value of the precious metals, as of any other object, at any moment, and in any place, depends immediately upon the pressure of the present demand upon the present supply. Without diverging to follow any of the lines of thought suggested by this definition, it is only necessary for the present purpose to remark that the pressure of the demand upon the supply of objects, such as gold and silver, which are, practically, imperishable, and the principal uses of which involve comparatively little wear and tear, are subject to influences which differ widely from those which regulate the pressure of the demand upon the supply of perishable objects, as, for example, a great catch of fish.

31. *Uses of gold and silver. Waste in works of art insignificant.*—Gold and silver are used for three principal purposes, which may be named in their order of importance, as follows: (1.) Hoarding, or storing value, whether in the form of money or in cruder forms. (2.) Current, or active

money. (3.) The manufacture of works of art or ornaments, and various industrial uses. The actual final consumption or waste of the precious metals in the manufacture of works of art or ornaments is, by comparison with the quantities produced, so insignificant that it may be ignored. Whether embodied in works of art, or in solid bars, these metals are so far indestructible that the weight of metal used in the arts, which constantly reverts to the crude form, probably suffices, without very large additions, to supply all demands for this object. The consumption of these metals for industrial purposes, though larger, is still, probably, unimportant in relation to their whole stock.

32. *Use of precious metals for active money, creates but small permanent demand upon stocks.*—So, again, the recurring demand for crude gold and silver for the manufacture of coin for current use, in all probability, rather diminishes than increases. Paper money in its several forms of notes, checks, bills of exchange, etc., and improved methods of the settlement of accounts—such as culminate in the clearing-houses of various kinds—all tend constantly to displace the gold and silver money in current or active use for the exchange of value. Such devices are, probably, not as yet exhausted, even among the most intelligent communities; while there is great scope for the economy of the precious metals employed as active money by the introduction, among the less advanced countries, of methods which are already established in the more advanced countries. Even if such obvious opportunities for further economy be ignored, it is certain that the volume of the metallic currency, or, as it may be defined, the active metallic money of any country, fluctuates but little; and that, when a country has an adequate outfit of active metallic money, its indents upon the general stores of the crude metal, for the maintenance of its currency, are almost imperceptible. The waste of the metal thus used, whether in wear and tear, loss or destruction, is ascertained to be so small that it may be neglected.

33. *Because the volume of active money does not fluctuate or grow.*—The fact is generally recognized that the volume of a properly constituted subsidiary money, whether superior, like bank or currency notes, or inferior, as debased silver or copper coins, is subject only to limited variations; the demand for such instruments remains comparatively uniform. Upon reflection, it will appear that the same principle applies to the rest of the active or current money of any country whose currency is in a sound condition. There is no reason whatever to suppose that the volume of the retail exchanges of any community which requires the intervention of active money, is liable to any violent or frequent expansion or contraction, or that the volume of metallic money in active use varies more than that of the several forms of subsidiary or representative money, or, in fine, that any constant accretion to such money is required. Doubtless, there may be a spasmodic demand for a fresh stock of active money on special occasions, as there was for gold, when, recently, Ger-

many introduced its gold standard, or when America resumed specie payments; but such contingent and temporary demands produces little permanent effect upon the value of these metals.

34. *Value of precious metals wholly dependent upon their use for storing value.*—It may be concluded, therefore, that if gold and silver were needed only for the manufacture of works of art or ornaments, and of active money, the pressure of the permanent demand upon the permanent supply of these metals would be so weak that their values would be unstable and low. The stability, at a high range, of the value of gold and silver really depends exclusively upon their use for hoarding or storing value.

If, indeed, language be used with severe exactitude, it may be difficult to draw a clear distinction between money hoarded or passive, and money current or active; and the most precise definition of the uses of the precious metals would, perhaps, be: (1.) Storing value (hoarding). (2.) The manufacture of works of art or ornaments, and various industrial uses; the second of which uses, as has been shown, contributes little or nothing to the value of these metals, except, indeed, in so far as this use sometimes, as largely in Asia, merges in, and is indistinguishable from, their use for storing value.

35. *True use of the precious metals always to store value.*—According to this, which appears to be the true definition, the primary use, even of current or active money, is to store value not immediately wanted; its employment for the transport or exchange of value being through an important, yet a secondary duty. It would be difficult, on any other hypothesis, to distinguish between the attributes of money buried by misers or ignorant peasants, and so absolutely passive and useless for the transfer of value, and that which passes, perhaps several times in a day, from hand to hand. To regard money proper of all kinds, including the crude substance of money, as used, primarily, for storing value, furnishes us with a definition common to all such money; under which passive money differs from active only in that it is stored for a longer money period.

36. *Distinction between active and passive money.*—Certainly it is impossible to draw any clear line between current money and hoarded money. Money current to-day may be hoarded to-morrow; money hoarded to-day may be current to-morrow; and it may be often difficult to say whether particular money is hoarded or not, as, for instance, the reserves in the vaults of the Currency Department of India, or of a bank. All that is clear is that, of all the precious metals in existence, a certain volume, subject to little or no expansion or contraction, which has been in this memorandum defined as active money, is required for the constantly recurring occasions when value must be transferred in retail from hand to hand, and the rest is, excepting the insignificant portion devoted to artistic and industrial uses, hoarded or stored. The im-

portance of the distinction between active and passive money must, however, not be overlooked; it lies chiefly in this, that representative instruments and devices can and do perform all the duties of active money, often far more conveniently than the money proper which they represent. But, speaking generally, such expedients can not efficiently discharge the functions of passive money, because they are ineffectual for prolonged hoarding.

37. *Pressure of demand upon precious metals for storing indefinite.*—The laws which regulate the demand for gold and silver for storing value can not be traced; its pressure is indefinite, and, perhaps, depends ultimately upon the volume of the products of the labors of man, and the fruits of the earth not required for immediate consumption. This, and probably this only, is the demand which, by its pressure on their supply, ultimately confers on the precious metals their permanent value.

38. *Their efficiency for this purpose not intrinsic, but dependent upon human laws.*—The efficiency of the precious metals for storing value does not, unhappily, depend, like the efficiency of coal or wood for storing heat and force, exclusively upon intrinsic qualities, of which mankind can not deprive them, but, to a large extent, upon the common consent or even caprice of mankind; their intrinsic efficiency for storing value, and, therefore, their intrinsic value, consists only in their superior fitness for this particular duty as compared with all other substances; but they may conceivably be, at any time, dethroned from this position; their value rests, in short, upon human laws, and can at any moment be destroyed by human laws.

39. *Recent practical examples of this truth.*—During the last 35 years, the value of each metal in turn has been seriously imperiled by threatened or actual legislation of this kind. After the discovery of gold in California and Australia, one of the most distinguished of French Economists (Chevalier), and a well-known English Economist (Danson), oblivious, as it would seem, of the effect of their proposals upon the existing standards of value, and thus upon contracts throughout the world, earnestly and persistently advocated the disuse of gold as money; if their advocacy had prevailed, the value of gold would have been destroyed. Now, again, within the last few years, silver has been actually demonetized in Europe, the stability of its value being thereby seriously impaired. Plainly, either metal might be at any moment demonetized, and its value indefinitely reduced, by human legislation. If the suggestion that the value of both metals might, by like means, be simultaneously dissipated, be made with much hesitation, it is because, as already said, it is difficult to conceive that it would be possible to find any other standard measure of value which could be, or at least is likely to be, substituted for both gold and silver.

40. *Precariousness of their value under present conditions.*—Upon so precarious a basis rests the whole fabric of that portion of human wealth

which is stored in the form of the precious metals ; the most permanent of all the forms of wealth, if human laws were unalterable ; the most easily destructible by any change of such laws, under the influence of panic, caprice, or misunderstanding of the abstruse principles which underlie the phenomena under investigation.

41. *Relative values of precious metals are under human control.*—If the conclusion be accepted, and it appears undeniable, that human legislation, by causing their disuse as money, and so incapacitating them for the duty of storing value, can deprive either, if not both, of the precious metals of the greater part of their value, it follows, conversely, that the value of either metal can, by the same instrumentality, be increased at the expense of the other, and, accordingly, that their relative value can, within wide limits, be fixed or defined ; it was so defined, as has been shown, for three-quarters of a century, in virtue of the law of a single country (France) ; and, provided that such a law is sufficiently general, and that its permanence is ensured, its effect must be universal and absolute.

42. *Production and stock of the precious metals*—In a second Appendix to this Memorandum will be found an estimate of the total production and present stock of the precious metals. According to that estimate, the weight of gold and silver in human possession is about 510 millions of pounds troy, of which 30 millions of pounds (one-seventeenth part) is gold, and 480 millions (sixteen-seventeenths) is silver. The aggregate value of the whole was, till recently, about equally divided between the two metals. The value of the whole may be, at this moment, about 2,800,000,000*l.* So vast is the property, the value of either half, if not of the whole, of which lies, as has been shown, almost absolutely at the mercy of human legislation. If, by human legislation, or otherwise, one of these metals should be demonetized, its value would be practically destroyed and transferred to the other, the value of which would be doubled. The catastrophe which would follow upon such a revolution can hardly be imagined.

43. *Effect of German demonetization upon their relative values.*—The immediate effect of the recent action of Germany may, probably, have been the transfer to the owners of gold of one-sixth of the value of the stock of silver existing in 1873, and the enhancement, in the same proportion, of all debts then existing, defined in gold, and of all recurring payments fixed, by contract or custom, in gold. By a happy accident, it seems probable that the claims of creditors by the silver standard have not yet been actually depreciated ; at the same time, but for the action of Germany, such creditors would have been, to the foregoing extent, in a better position than they now are. Enormous injury has been caused to trade by the resulting oscillations in the value of both standards in search of a fresh equilibrium, and from apprehensions, which still continue, lest other nations should follow Germany's example.

44. *Gravity of risks lest other nations should follow suit.*—These serious consequences from the comparatively modern disturbance of the general standard measures of value, due to the action of a single nation, furnish some indication of what would happen if other nations should hereafter take similar steps. It is not too much to say that, in such case, that stability, without which a standard of value can not discharge its main functions, already gravely impaired, would be finally destroyed. This calamitous result can be certainly averted only by the concerted action of the principal nations, and no effort should be spared to obtain such concert.

45. *Inferior stability of monometallic standard.*—If gold alone, or silver alone, was, by common consent, made the universal standard measure of value, then, after an indefinite interval of incalculable disaster and ruin, a certain new stability of standard, established upon the sole gold or sole silver basis, might again be attained; but, even such a stability, based upon one metal only, must, inevitably, be wholly inferior to that based upon the two metals in correlation, because, the compensatory influences of the existing duplicate standards would be absent, and every passing fluctuation would operate upon a much smaller volume of material. To illustrate this, it may be asked, what would have happened, if the discovery of gold in 1848 and 1851, which reduced the values of both metals by about one-fourth for 20 years, had operated upon gold alone? It seems probable that, but for the steadying influence of the French yoke between gold and silver, the value of gold would have fallen by at least one-half; in other words, gold prices would have doubled, and creditors by the gold standard would have lost half their property.

46. *Various forms of the bimetallic standard.*—In order to the existence of a real bimetallic standard measure of value, it is not absolutely necessary that the two metals should be actually interchangeable anywhere at a fixed ratio. Such a ratio would, in a great degree, establish and maintain itself without any such interchange, if only a permanent share of the common field of employment were absolutely secured to each metal. At present, speaking generally, it may be said that the field of Europe and America is supplied only by gold, and the field of Asia is, to a great extent, supplied by silver; though, even in Asia, notwithstanding that gold is not used for money there, much value is stored in gold.

47. *Existing correlation of gold and silver.*—Thus, under present circumstances, silver takes a very substantial share of the work of storing value, not much less, as is shown in Appendix II, than one-half. Under this division of duty between the two metals, the value of each is, even now, in correlation to the value of the other, so that a bimetallic standard measure does already actually exist, in a very important sense. If, indeed, permanency of the existing conditions could be ensured, the most elementary defect of the present state of affairs would be cured. But, not only is there no security for such permanency, but it is scarcely to be

expected that the nations will consent to guarantee the *statu quo* against all changes. Such an arrangement would leave America and France, especially France, burdened with a vast mass of silver money, representing value in excess of its own proper value; and, even if this obstacle were surmounted, it is hardly to be expected that other nations, who have now a silver standard, will, upon such conditions, bind themselves, for the common benefit, to forego forever the use of gold money.

48. *Inefficiency of the existing correlation, even if it could be made permanent.*—After all, too, even if a bimetallic standard measure of value, based upon the permanency of the *statu quo*, could be established, it would probably prove inefficient for one essential purpose. With a perfect system of standard measures of value, there ought to be no difficulty in the transportation of either metal from one country to another. For example, by reason, chiefly, of the rapid accumulation of the public debt incurred for the consolidation and material improvement of the empire, the settlement of the accounts of India, including inland Asia, with the rest of the world beyond the sea, has hitherto required the constant inflow of gold and silver. But it may be hoped not only that the debt of India will, in due time, cease to grow, but even that India may be in a position to repay some of its foreign debt. Whenever this state of things occurs, India ought to be able to retransport silver as well as gold without serious loss. It will be a great disadvantage to India if, eventually, it should find itself deprived of this manifestly equitable resource. It may, however, readily be conceived that, if silver is not used for money in Europe, its value there would, under such circumstances, be so greatly depressed that its re-transport might be impracticable.

49. *Guarantee of statu quo rejected.*—For these several reasons, the expedient of an international agreement to maintain the standard measure of value of each nation, as it now is, may be set aside as practically unattainable, and comparatively ineffectual.

50. *Also the method of an electron or amalgam.*—The simplest and most perfect theoretical form of a bimetallic standard measure of value would be an electron or amalgam of silver and gold in fixed proportions. But, inasmuch as, if the metals were amalgamated in the proportions which other considerations require, such an electron would not be distinguishable, otherwise than upon assay, from pure silver, this method also must be rejected as unattainable. Moreover, it would be too violently inconsistent with the actual facts of the world's money, which must practically predominate any settlement of the question.

51. *Also that of associating the two metals in fixed proportions.*—Another method, also based upon the recognition of the bimetallic standard measure of value, would be to endue the two metals with the *vis liberatrix*, upon which, as has been shown, their value depends, only when associated in fixed proportions. Thus, for example, it might be determined that debts should be discharged by the delivery of one part of gold and

15½ parts of silver. But this method would be, manifestly, so cumbrous and difficult in operation, that it, too, may be rejected without more particular investigation.

52. *There may be other possible methods.*—Thus, three conceivable methods of giving effect to a bimetallic standard measure of value have been described, namely: (1.) The surrender by each country, by international agreement, of the right to make any change whatever in its existing standard. (2.) The general adoption, as a standard, of an electron or amalgam of gold and silver in fixed proportions. (3.) The endowment of either metal with the *vis liberatrix* or *force libératoire*, only when accompanied by a fixed proportion of the other. It is quite possible that these three methods do not exhaust all possible alternatives for the establishment of a bimetallic standard measure of value.

53. *These several methods serve to illustrate principle and show efficacy of human laws.*—Their recital, however, is useful chiefly to illustrate the principle of a bimetallic standard, as well as the baselessness of the common prejudice that the relative value of the two metals is not subject to the control of human laws. As already said, the experience of the world under the dominion of the French Monetary Law of 1803, effectually disposes of that fallacy. That law, although confined to a single nation, sufficed, for seventy years, to yoke the two metals together within narrow limits, which even the revolutionary gold discoveries of 1848 and 1851 scarcely stretched. As has been shown in this memorandum, the value of each precious metal is immediately dependent upon human consent, that is to say, human laws only. A grave disturbance of the relative values of the two has actually been caused by the legislation of a single nation (Germany); and it seems certain that, if the principles underlying the value of these metals were generally understood, the at one time generally received but now nearly exploded objection, that their relative value is independent of and can not be controlled by human laws, would never again be heard.

54. *The French method.*—The three alternative methods aforesaid have been described only to be rejected as being, for sundry reasons, impracticable. The only method left is that first introduced instinctively, if not, indeed, accidentally, by the French Monetary Law of 1803, and now, in practice, monopolizing the title of the Bimetallic Standard. By this method the coinage of silver and gold is unrestricted, and both metals are endowed with the *vis liberatrix* at a fixed ratio. For example, by the French law, a debt of 100 francs may be discharged by the delivery of coins containing either 450 grammes of pure silver, or 29.0323 grammes of pure gold, being in the proportion of 1 : 15½.

55. *Its efficacy in maintaining the stability of exchange and of the standard measure of value.*—If a standard of this kind were adopted by all, or by a sufficient number of the nations, and if the ratio were fixed within certain limits, there can be no question but that the equilibrium and, to

the utmost possible extent, the stability, of the values of the two metals would be completely and permanently secured. The general adoption of such a standard would produce the same effect as the actual replacement of the two metals, gold and silver, by a single electron or amalgam of the two metals in the proportion adopted. To whatever extent, in the proportion used, the facts should be so disregarded as that, after an imaginary amalgamation of the whole stock of the two metals in that proportion, there would remain a considerable surplus of either metal, the common standard would be, to that extent, subject to disturbance; but as such disturbance would not be confined to one country, but would extend over the whole world, it would be imperceptible, unless the error in the proportion used was very great. In no case would it affect the international exchanges, which, by the adoption of a common measure of value, would be proof against all fluctuations beyond narrow limits.

56. *Stability of such a standard. Effect of its general adoption upon creditors by existing gold standard.*—There seems no room for doubt that a standard measure of value, resting upon this broad basis, must, of necessity, be indefinitely more stable than such a standard resting upon the basis of one metal only, and that its adoption, under sufficient sanctions, would certainly deliver, not India only, but the whole world, from all the evils to which, in the absence of any international agreement, it is now exposed; and this without serious injustice to any existing interests. No doubt, creditors by the present gold standard would lose some of their actual advantage; but, for the most part, this advantage has been acquired recently, and, being wholly unearned, is held upon no fundamentally equitable title. Moreover, the sacrifice entailed upon such creditors for the common good would probably, in almost all cases, be largely compensated, even to them, by the substantial improvement of their security, and the general increase of prosperity which must ensue from the establishment of the standards of value of the world upon a permanently stable basis.

57. *Proper ratio between gold and silver in such a standard.*—The question what particular ratio between silver and gold should be adopted in a bimetallic standard of this kind, though important, is still only a subordinate question. Theory, as already indicated, requires that this ratio should be, as nearly as possible, the proportion which the whole stock of gold in the world bears to the whole stock of silver. But neither is it possible to ascertain this proportion with any precision, nor, whatever it may be, will it be permanently maintained. According to the statistics in Appendix II., this ratio, at the end of 1878, was about 1:16. The ratio by the law of the United States of America, now practically suspended, is 1:16. The ratio under the French Monetary Law was 1:15½. Although the American ratio probably approaches the more nearly to present theoretical precision, yet the proportion of silver to gold in the common stock is now constantly diminishing, and much wider practical

effect having been given to the French ratio, it would probably be preferable to adopt it. There is no doubt that the French ratio would, in effect, secure as complete a stability of value in the standard as is attainable.

58. *Proposed union.*—Reference has been made in this memorandum, more than once, to the consent of a sufficient number of nations as essential to the establishment of a common standard measure of value. The greater the number of nations associated for such a purpose, the more thorough would be the result. At the same time, it has been shown how effectual has been the action of a single nation (France); and it is believed that, if America, France, Germany, and India, were to unite with this object, the desired reform would be effectually and permanently accomplished, and that it might be even possible to dispense with the co-operation of Germany. The Government of British India need not hesitate to become a party to such a union, to which it might be expected that other nations would quickly adhere. The Government of India should not join any convention to which France is not a party. Present circumstances imperatively demand a concerted action between France and India.

59. *Conclusions recapitulated.*—The conclusions suggested in this memorandum may be thus recapitulated. It is considered: (1.) That value should be measured throughout the world by a common standard. (2.) That this standard should, by the most effectual possible international sanctions, be secured against disturbance by any single nation. (3.) That practically, however, the desired object would be attained by the union of America, France, Germany, and India, or even of America, France, and India. (4.) That the best, because the most stable, standard would be the recognized bimetallic standard, that is to say, the optional payment of debts in gold or silver at a fixed ratio; and, (5.) That this ratio should be that prescribed by the French Monetary Law of 1803, namely, $1 : 15\frac{1}{2}$.

60. *International mint regulations.*—To complete the reform advocated, the mints of all nations should be organized, and the levy of seignorage regulated, under international law. It would, indeed, be better still if, in recognition of the fact that value, of which money is, after all, only the instrument, is cosmopolitan, the mints of the world could be managed as neutral or international institutions, belonging, not to individual nations, but mankind as a whole. This is, perhaps, an ideal, the realization of which is distant; but it may be hoped that sufficient effect may be given to the general principle advocated, to deliver the world almost wholly from the inconvenience and loss occasioned by fluctuations of the international exchanges, and greatly to alleviate the infinitely more injurious, albeit less patent fluctuations, to which the standard measures of value are now subject.

61. *Subsidiary currency reforms.*—The adoption of these principles

would still leave many minor improvements in the currency or exchange-machinery of the world to be desired; but none of them are important in comparison with the settlement of a common standard measure of value, upon a secure and appropriate basis. The following may, however, be mentioned: (1.) The universal establishment of proper principles as to the issue of subsidiary money of all sorts, whether in paper or in any kind of metal. No such subsidiary money rests upon a sound basis which is not convertible, on demand, into standard money. (2.) The assimilation of the moneys of different nations. It would be convenient if there were not only one standard measure of value, but a common unit of such standard; that is to say, if the several coins of each country contained the same weight of fine metal, or at least, multiples of the same weight. (3.) The general introduction of the decimal subdivision of money.

62. *Effect of international bimetallic standard upon metallic currency.*—It is not necessary to speculate on the effect which the introduction of the bimetallic standard would produce upon the current or active money of the world. On the one hand, it is not to be expected that such a measure would, for a long time, if ever, modify that universal preference of gold to silver, which is doubtless founded upon its *prima facie* inherent or intrinsic superior qualifications for storing value. The Gresham Law might, therefore, perhaps, operate to cause the recession of gold into the stores of passive money, where it would none the less effectually discharge its share of the common function of the two metals, although it might only appear at intervals in the *rôle* of active money. On the other hand, the greater efficacy and cheapness of the more valuable metal for the transport of value in large amounts, and over long distances, might possibly lead to its preferential use for the wholesale and international settlement of accounts.

63. *Gold might possibly disappear from active circulation. But too much weight must not be allowed to this disadvantage.*—Doubtless, the substitution of silver for gold as the active or current money of the countries which now use gold, if, perchance, this should be the result of the introduction of the bimetallic standard, would be distasteful to those who are accustomed to the more portable and convenient instrument. But, while sympathy might be felt with their preference for gold, objections of this nature need not be ranked highly in comparison with the world-wide and substantial benefits to be expected from the reform which might possibly involve them; and when it is remembered that but a small fraction of the world, even now, uses gold for its current money, that little practical inconvenience is found to result from its absence in such different countries as India and Scotland; and that, by a suitable development of paper currency, the disadvantage of the greater weight of the less valuable metal can be so mitigated as to be almost neutralized, the conclusion need not be evaded that there is little real substance in such prejudices.

The sentimental arguments which are connected with the supposed superior beauty, and the certainly superior value, of the royal metal, do not seem to deserve even a passing thought.

64. *The additions to the stock of the precious metals since 1851 have caused no lasting loss of their value.*—Lastly, one remarkable phenomenon, cognate to the subject of this paper, may be noticed. During the thirty years ending with 1878, the stock of gold in the world was nearly doubled, and one-fourth was added to the stock of silver. This rate of increase to the stock of the two metals was unexampled. Some temporary inconvenience was caused by the consequent fall in the value of these metals, or, in other words, the general rise in prices; but, although as yet, the production of the precious metals is but slightly abating, there has, of late years, been a marked reaction in prices, which have receded very nearly to the level at which they stood in 1850; that is to say, notwithstanding the unprecedentedly vast additions to the stock of the two metals, and their continued great, although now diminishing production, they have already nearly regained their former value.

65. *Concomitant increase of human wealth.*—This paper must not be prolonged by an attempt to analyze the causes of this unexpected, not to say extraordinary result. But it deserves remark that the period during which these unparalleled additions have been made to the general stores of the precious metals, not at all, as is believed, to the active metallic money of the world, has been also a period of unparalleled development of the general resources of the human race, and unprecedented material improvements. If it be true that the fundamental and principal use of the precious metals is to store the surplus produce of the soil and of human labors, then it seems to follow that the growth of this surplus has ultimately kept pace with the supplies of the precious metals, greatly as these supplies have been, for the time, accelerated.

66. *Probable connection between these phenomena.*—Thus it becomes a not violently improbable assumption that there is no remote connection between the supplies of the precious metals and the progress of material improvements in the world. Indeed, it would not, probably, be difficult to trace, in the recent history of British India, a direct relation between the contemporary discoveries of the precious metals and the activity of labor which would otherwise have remained dormant; the cultivation of land which would otherwise have continued unproductive; and even the preservation of human lives, which would otherwise have perished.

67. *Threatened contraction of supply of the precious metals.*—According to all available information, we have now to contemplate the probability of a progressive contraction of the supply of these metals. If so, it is peculiarly important, just now, to prevent the further disuse of the less valuable metal, and it would be, just now, especially disastrous, if mankind should finally resolve to use gold alone for the storage of value, and decree the destruction of the value of silver.

68. *Cosmopolitan character of the question.*—Many of the arguments used in this paper have traveled beyond the scope of the British Indian interests, and adverted to cosmopolitan considerations which may, at first sight, seem to be outside the duties of an Indian official; but for this no apology is necessary. The truth is that, in this matter, at least, the interest of each country is identical with the interests of the whole world. Therefore, in the advocacy of the great reform, which is the object of this memorandum on behalf of India, it has been necessary to plead on behalf of all other nations.

69. *The interests of India.*—At the same time, this paper has not been prompted by a quixotic desire to promote a reform with which India is not concerned, but solely by the conviction that the interests of this great empire imperatively demand its adoption. The yearly loss to India from that recent monetary disturbance, which was possible only by reason of the absence of international engagements for the equitable protection of the monetary interests of all nations, has been estimated at about $2\frac{1}{2}$ crores of rupees. Large as is that sum, it represents, it is believed, feebly and inadequately, the injury inflicted upon British India by the loss of general confidence in the stability of its standard measure of value. Moreover, India is left, meanwhile, constantly exposed to the consequences of the actions of other nations, over which the Government of India have no control.

70. *Importance of the problem.*—The restoration of public confidence in the standard measure of value of British India, by its re-establishment on a stable and secure basis, and the deliverance of the Government of India from risks and apprehensions, which, as has been said, make any settled financial policy well-nigh impossible, seem to be objects worthy of vigorous and sustained efforts, and of the application of all the resources at the command of the highest statesmanship.

R. B. CHAPMAN.

Simla, Department of Finance and Commerce, June 2, 1880.

APPENDIX I.

PRICES AND VALUES OF TYPICAL COMMODITIES IN GOLD AND SILVER IN LONDON AND CALCUTTA.

(Prices and Values of March, 1873 = 100.)

	ACTUAL PRICES.		PRICES IN GOLD.				VALUES IN SILVER.			
			Compared with March, 1873.		Percentage of Change since 1876.		Compared with March, 1873.		Percentage of Change since 1876.	
	April, 1876.	Dec. 1879.	Apl. 1876	Dec. 1879.	Rise.	Fall.	Apl. 1876.	Dec. 1879.	Rise.	Fall.
IN LONDON:										
Gold							111.72	113.94	1.99	.....
Silver	53s. 5d.	52s. 4d.	89.54	87.76		1.98				
Scotch Pig Iron	58s. 3d.	65s. 6d.	49	55	12.2		55	63	14.5	.....
Coals, Hetton, Wallsend.	21s. 3d.	16s. 9d.	63	50		20.6	71	57		19.7
Copper, Chili Bars.	79l.	66l. 10s.	88	74		15.9	99	85		14.1
Straits Tin	71l. 10s.	90l. 10s.	49	62	26.5		55	71	29.1	.....
Wheat	45s. 3d.	47s. 1d.	82	85	3.6		91	97	6.6	.....
Flour, Town-made.	40s. 6d.	40s. 6d.	86	86			96	98	2.1	.....
Beef, inferior.	3s. 8d.	2s. 10d.	110	85		22.7	123	97		21.3
Beef, Prime, small	5s. 6d.	5s. 1d.	105	96		8.5	117	110		6.
Cotton, Middling	6 ³ / ₄ d.	7d.	69	76	10.1		77	86	11.7	.....
No. 40 Mule Twist.	11 ¹ / ₄ d.	10 ³ / ₄ d.	80	77		3.7	90	87		3.3
Wool S. D. Hogs.	16l. 10s.	14l. 10s.	80	71		11.2	90	80		11.1
Sugar, Manilla.	14s.	18s. 6d.	72	95	31.9		80	108	35.0	.....
Coffee	82s. 6d.	71s. 6d.	95	83		12.6	107	94		12.1
Saltpetre.	22s. 3d.	26s. 9d.	80	96	20.0		90	110	22.2	.....
IN CALCUTTA.										
	Rs. a.		VALUES IN GOLD.				PRICES IN SILVER.			
Gray Shirtings (8 lbs. 2-4 oz.) ..	5 —	4 11	75	69	.....	8.	84	79	.....	5.9
Mule Twist, White Good, No. 40	— 5 ¹ / ₂	5 ¹ / ₆	77	70	.....	9.1	86	80	.....	6.9
Turkey Red, No. 40s, 12 lbs.	1 8	1 3 ¹ / ₂	82	66	.....	19.5	92	75	.....	18.5
Orange, Nos. 14-60.	— 13 ¹ / ₄	— 12 ³ / ₄	79	74	.....	6.3	88	85	.....	3.4
Copper, Sheathing.	39 4	32 12	89	72	.....	19.1	99	82	.....	17.1
Iron, Flat, Bolt, Bar and Square	3 11	3 1	73	60	.....	17.8	82	68	.....	17.
Spelter, Hard	10 13	8	136	98	.....	27.9	152	112	.....	26.3
Hides, Buffalo, Patna.	72 —	125 —	54	91	68.5	.....	60	104	73.3	.....
Jute, Picked.	24 —	31 —	117	148	26.5	.....	131	169	29.0	.....
Linseed, Fine Bold	3 12 ¹ / ₂	5 1	76	99	30.2	.....	85	113	32.9	.....
Rice, Ballam.	2 7	3 2	103	129	25.2	.....	115	147	27.8	.....
Saltpetre	5 6	6 11	62	75	20.9	.....	69	85	23.2	.....
Sugar, Gurrpatta	6 10	8 8	61	76	24.6	.....	68	87	27.9	.....
Tea, Good Souchong.	— 12	— 8	97	64	.....	34.0	109	73	.....	33.0
Wheat, Doodiah.	2 8	3 10	66	95	43.9	.....	74	107	44.6	.....

APPENDIX II.

ESTIMATES OF THE PRODUCTION OF THE PRECIOUS METALS SINCE THE DISCOVERY OF AMERICA, AND OF THE STOCK IN EXISTENCE BEFORE THAT EVENT. (COMPILED FROM VARIOUS SOURCES.)

	GOLD.		SILVER.		
	<i>Kilograms.</i>	<i>Lbs. Troy.</i>	<i>Kilograms.</i>	<i>Lbs. Troy.</i>	
In existence in 1492*..	87,870	235,420	3,222,395	8,633,833	
Produced elsewhere than in Extra-Russian Asia, 1493-1848*.	4,415,498	11,829,856	134,650,078	360,750,000	
Produced in Extra-Russian Asia, 1493-1847*.....	1,288,768	3,452,827	3,107,309	8,325,000	
1849-1850*.....	102,515	274,656	2,071,539	5,550,000	Values in sterling money in 1878:
Total 1493-1850.....	5,806,781	15,557,339	139,828,926	374,625,000	Gold..... £1,519,482,000
1851-1875†.....	4,821,775	12,918,339	31,003,825	83,064,414	Silver at 50d. 1,298,665,000
1876-1878 †.....	410,062	1,098,626	5,293,934	14,183,333	an oz. troy. 1,298,665,000
					At 60d. ditto. 1,558,398,000
Grand Total.....	11,126,488	29,809,724	179,349,080	480,506,080	

*Tooke and Newmarch, Vol. VI., pp. 141, 142, 150, 231. †Soetbeer, Production of the Precious Metals (1879). ‡Sir Hector Hay, Statistical Society's Journal, 1879, p. 436.

NOTE.—All the authorities who have shared in the compilation of these statistics concur in the warning that the figures, especially before 1848, must be taken with reserve. They are, in fact, at the best, only guesses carefully made by competent observers, after examining all kinds of data.

Even as such they are open to the following criticisms and remarks:

I. The estimate of the metal already won in 1492, avowedly, only includes the stock in Europe, Russia in Asia, and Mediterranean Africa. It does not include the stores already won from the earth in America, Asia, and the rest of Africa. Even the European stock seems, probably, much under-estimated; and it is likely that the Asian store was already large.

II. The estimate of the produce of Extra-Russian Asia between 1493 and 1847 is by a Russian authority, M. Otreschkoff. It does not, apparently, include India or Japan; yet there are indications that the production of gold in India may, in the past, have been considerable.

III. The statistics since 1847 apparently include little or nothing for Extra-Russian Asia; and the greater part of Africa is, throughout, excluded. But Jacob speaks of considerable produce in Africa, and values the produce of Asia in gold at 1,235,000*l.* a year, and in silver at 165,000*l.* (Jacob, On the Precious Metals [1831], Chapter XXVII.) Otreschkoff estimated the gold production of China at 600,000*l.* a year, and of Sumatra, Java, Borneo, and the Archipelago at 2,400,000*l.*, and the silver production of China at 180,000*l.* a year. (Tooke and Newmarch, Vol. VI., p. 762.) Chevalier estimated the yearly produce, before 1865, of Extra Russian Asia and the Asiatic Archipelago and Africa at no less than 80,000 kilos. of gold (nearly 11,000,000*l.*), and 500,000 kilos. of silver (about 4,300,000*l.*) (Money, edition 1866, p. 557.)

IV. On the other hand, the figures in this table since 1492 allow for no waste and no losses, as for example, by shipwrecks, fires, forgotten hoards, and the like.

Perhaps these several omissions may be set against each other, and the weight of gold now in existence estimated as follows:

	<i>Kilograms.</i>	<i>Lbs. Troy.</i>
Gold.....	11,200,000	30,000,000
Silver.....	179,200,000	480,000,000

But these estimates probably err in the direction of being too low.

LETTER OF MR. CHAPMAN TO PROFESSOR NASSE.

Financial Department of the Government of India, }
December 25, 1880. }

My Dear Professor Nasse:—Our mutual friend, Dr. Brandis, sent me, some time ago, some questions which you had put to him about the relations of India to the silver question.

He has since sent you a paper of mine, written some months ago, containing my reasons for believing that the only possible remedy for the evils arising from the divergence of the values of the two metals from which all nations alike are suffering, is bimetallism. The point of that paper is, that the supreme desideratum, for all countries alike, is the most stable possible standard of value, a point which appears to me to be strangely overlooked by almost all those who are wont to take part in the discussion of this important question.

I am, myself, convinced that what has taken place, as yet, is, that gold has risen in value; or, say, recovered, since 1873, the value of which it lost in 1848–51.

My advocacy of bimetallism is based upon the fact, which appears to me beyond dispute, that a bimetallic standard must be many times more stable than either a single gold or a single silver standard of value, and that a universal standard of value ought assuredly to be a settled international obligation.

I believe that, as being more plentiful, silver would be a less unstable universal standard than gold, but that a combination of the two metals would be infinitely superior, in this essential respect, to either metal alone.

Surely, the monometallists have lost sight of the true substance of the problem. Unless a fallacious definition of value be accepted, there can be no question that the value of gold must be most unstable, and that, therefore, gold must be a thoroughly bad standard of value.

Do not suppose me a protectionist in thus arguing. I am so absolute a free-trader that I should rejoice, for example, at this moment, to see the ports of India thrown open to the world, without duty of any kind, except on wine, and spirits, and salt. Also, do not suppose that my proposal is made in the separate interest of India. On the contrary, I verily believe that if gold monometallism continues to prevail in Europe and America, or say, in France, Germany, and Great Britain, and the United States, which may be said to comprise the most civilized and wealthy parts of Europe and America, then these countries will suffer more than those who use silver, because a rising standard of value is far worse than a falling one.

I now send you some statistics, which, I think, you will find interesting

as illustrating the relations of India with the question in the past, and indicating its attitude in the future.

You say you can not understand the fluctuations of the payments in England, on account of India. These fluctuations are easily explained. They depend only upon our debt transactions. During the past 30 years,¹ India has borrowed large sums of money for the construction of railways and canals, for the suppression of the mutiny of 1857, and for the relief of the people on the occurrence of famine. When money is borrowed in London, the Secretary of State uses that money for the necessities of the Home Treasury, and draws so much less upon India. The consequence is, that merchants, deprived of their usual channel of remittance (the Secretary of State's bills), buy and send out silver. Even when we borrow in India, the same result follows. Almost all our subscriptions come, directly or indirectly, from London; and people either compete more actively for Secretary of State's bills, so raising exchange, or send silver.

You will easily be able to group these phenomena in a more simple and scientific shape. In its effect upon the exchange with other countries, a loan, at all events a foreign loan, raised by a nation, is, in every respect, equivalent to the export of merchandise. Therefore, shortly, our exchanges, during these 30 years, have been vastly improved by the large amount that we have borrowed.

Nothing can be more certain than, that, if we had not borrowed these large sums, we must either have exported so much more merchandise, or imported so much less merchandise, or, gold or silver. We could not, I believe, have exported more merchandise. Rather, inasmuch as, by the hypothesis, we should have remained without our improved communications, we should probably have been unable to export nearly so much. Therefore, equilibrium must have been adjusted through the imports, and there can, in my opinion, be no doubt at all that the brunt of the reductions would have fallen, not upon the imports of merchandise, but upon the imports of the precious metals.

The table brings out the remarkable fact, little observed in Europe, that one-third of our imports of the precious metals is in gold, only two-thirds being in silver. India imports gold as a luxury. It goes chiefly to the rich people, who will, to a great extent, have it anyhow. Hence, I draw the further inference that, as between the two metals, the decrease if we had not borrowed, must have fallen upon the imports of silver.

In other words, the support which the demands of India has given to the value of silver during these thirty years is due, almost wholly, to the great debt which she has incurred, and to no other cause. Silver can, of course, only come to India either on loan or in exchange for other things. If India had not been borrowing, she could not possibly have

(1) The exact period is 29 years 11 months; the terminal date of our account year having been altered, in 1867, from the 30th April to the 31st March.

paid for the greater part of the silver which was imported during these thirty years.

Before turning to the future, I ask you to note one thing. Like France, India possesses an enormous stock of metallic money; I dare say, 250,000,000*l*. Some people assume that all this great mass of money is in circulation, and is wanted for daily purposes. There could not be a greater mistake. On the contrary, I believe that a very small portion of this money is in active circulation, not perhaps more than one-fifth part of it. The rest is all hoarded, in larger or smaller quantities, throughout the country. You will bear in mind our vast population. Almost every respectable individual amongst them owns more or less silver, in the form of either rupees or solid silver ornaments worn by his wife or children, but held always available for conversion into money on need arising.

We are now in a position to form some opinion as to the future demands of India for silver. Those who advocate the demonetization of silver in Europe and America are in the habit of assuming that because, during these thirty years, India has absorbed large quantities of silver, therefore she will continue to do so for all time to come. This assumption has been made even in the London *Economist*, and that, too, when the late Mr. Walter Bagehot was its editor. The same fallacy prevails throughout his published works, and is, indeed, a stock refuge of all opponents of bimetallism.

There is no shadow of foundation for this assumption. Those who make it forget that, till India began to borrow for the construction of her railways, her imports of the precious metals were insignificant; only about two or three millions sterling a year. They forget that a country can absorb neither silver nor any thing else with any benefit to the rest of the world, unless in exchange for some equivalent more valued by other countries; and they neglect to inquire whether there is no explanation of the great flow of silver to India during the last thirty years, on which they found expectations which have so important a bearing on the course they advocate.

From what I have said, it will, I think, appear beyond dispute that the answer to the question, whether India will continue to absorb silver in the future as she has done in the recent past, or to what extent she will so absorb it? depends exclusively upon the answer to the previous question, to what extent she is likely to increase her debt?

Now, I have explained that the large amount which India has borrowed during these thirty years is explained by: (1.) The construction of her railways and canals, which have cost $170\frac{1}{2}$ millions sterling, namely—railways, $144\frac{3}{4}$ millions; canals, etc., $25\frac{3}{4}$ millions; total, $170\frac{1}{2}$ millions. (2.) The suppression of the mutiny of 1857, which cost a very large sum. (3.) The frequent occurrence of famine and war, which have cost together 33 millions during the last eight years alone.

I mention a further cause, not connected with the public debt, namely,

the cotton famine resulting from the civil war in the United States, which enormously inflated the price of Indian cotton, and added millions to the wealth of India. Obviously, such a windfall for India as that can not be expected to recur.

We may, also, I think, hope there will be no repetition of such a convulsion as the mutiny. The future of the British Indian Empire in this, as in other respects, is in the hands of God; but, so far as human foresight goes, there is no reason for anticipating the recurrence of such a catastrophe.

Further, I think that those who count upon India absorbing silver *ad libitum* can not wisely anticipate the recurrence of such a conflict as the recent costly war in Afghanistan. No other so costly a war has occurred in the last thirty years, and, subject always to the will of God, I do not apprehend any other for the present.

As to railways and canals, India is now supplied with her principal requirements in this respect, the main trunk lines being complete. An incalculable amount of capital may, I believe, still be profitably invested in subsidiary railways in India. I look for the general recognition of the wisdom of that policy in which France is taking the lead, of extending railway communication throughout the length and breadth of every country, and I contemplate, with sanguine anticipations, the adoption of this policy in India, and the abandonment of the present retrograde and, as I think, unwise policy, by which ridiculously narrow limits have been imposed upon the material development, for which India is literally crying aloud. With the most ordinary prudence, it is scarcely possible to make a railway in India which does not yield a prompt and rich return. As soon as this is perceived, as it must speedily be perceived, and as soon as the really prosperous condition of the Indian finances is understood, as it must speedily be understood, beyond all cavil, I make bold to expect a relegation of the present pusillanimous policy to the limbo of obsolete superstitions.

But, meanwhile, India is bound in swaddling bands, and Great Britain has forbidden the expenditure of more than $2\frac{1}{2}$ millions a year upon her material development; and even when Great Britain regains her senses on this subject, there is no probability of a yearly expenditure on such objects on any thing like the scale of the last thirty years.

What is to be said about famine? During the last eight years the expenditure for the relief of the people from the effects of famine, and the loss of revenue from this cause, have amounted to 15,646,214*l.*, or no less than 1,955,777*l.* a year. I can not foretell future seasons; but I do not think that we need expect that the experience of these eight years will be, in this respect, permanently repeated; and I am confident that, as communications are improved, the relief of famine will be facilitated, and become less costly; nay, that in time, these means, and the growing

prosperity of the country, will prevent the occurrence of famine in India as completely as they have already prevented this great scourge in Europe.

I admit that our exports are likely to expand rapidly ; but I expect an, at least, equivalent expansion of our imports of merchandise. I come, now, to the end of this long letter. Fully hoping that we shall spend, in the future, much more than we are now doing on the material development of India, and granting that we must, for some time to come, expect to bear a heavy burden for the relief of famine, I have to inquire what is the amount which India is likely to borrow in the future.

In considering this question, the first thing necessary is to form a judgment upon the present financial condition of British India. Upon this point, I must not weary you with too many details. Suffice it to say (1) that, after the most rigid exclusion of all items which do not properly belong to these years, I find that the revenues of the two years 1879-80 and 1880-81 have exceeded the public expenditure, with the exception of the expenditure of war and famine, by no less than $4\frac{1}{2}$ millions sterling a year ; (2) that the revenues of India, so often stigmatized as inelastic, have grown during the past twelve years by no less than nine millions sterling a year, and present every appearance of a further healthy development ; (3) that the public expenditure during the same period has increased by only $3\frac{1}{4}$ millions, of which $2\frac{3}{4}$ millions is due to the (by the Government of India) uncontrollable accident of the disturbance of the relations of gold and silver ; (4) that the public expenditure presents no appearance of further development to correspond with the prospect of the growth of the revenue ; (5) that there is no true foundation whatever for the common prejudice, that the people of India are heavily taxed. There has been literally no increase of taxation, on the whole, during the past twelve years, but rather a diminution. The share of the annual income of the country appropriated by the State has most certainly largely diminished, and is still rapidly diminishing. The growth of the revenues aforesaid is due not to any added burdens, but to such items as the growth, by two millions sterling a year, of the opium revenue, which is scarcely a tax upon India at all ; the growth of the earnings of the railways, by three millions ; and the greater productiveness of the land revenue, the excise, and stamps and registration.

These things being so, what are our prospective demands upon the money market for loans ? I have no hesitation in saying that the probability is altogether against any present rapid increase of our debt ; nay, unless the Government sees fit to reduce taxation (and there is no pressing need for such reduction except for purposes of scientific fiscal reform, such as the abolition of the customs duties and of such a tax as the capitation tax in Burmah), unless, I say, the Government reduces taxation, it is much more likely that India will now begin to repay debt than that she will borrow afresh.¹ I have shown that the importation of silver into

(1) I can not, however, say confidently that we shall close the Afghan war without any further loan.

India is almost wholly due to her borrowing. Conversely, if she should repay debt, the tendency must rather be for her to re-export some part of the great hoard of silver which she has been accumulating. At all events, in my opinion (I can not say whether you will concur in it), there is no prospect whatever of the value of silver receiving much support hereafter, by reason of demands for this metal from British India.

This is the upshot of the whole matter, which I am anxious to impress upon you, and, through you, if you should think fit, upon those in Germany, who, in opposing international bimetallism, count upon India relieving Europe and America from the remaining stock of silver which, unless bimetallism is, internationally, adopted, they must soon discard.

Depend upon it, a universal international bimetallic standard of value is the only complete, the only true remedy for the evils under which all alike are suffering from that recent disturbance of the standard of value, which, you will pardon me for saying, the world owes to the action of Germany alone. That disturbance, in truth, affects gold quite as much as silver; I believe more so. Its effects are very far indeed from being exhausted. What is Germany going to do with her 25,000,000*l.* of thalers? What is France going to do with her 80,000,000*l.* of standard silver money, 50,000,000*l.* of which are accumulated in the Bank of France alone? What is America going to do with her constantly accumulating "dollars of her fathers"? And what will British India do if any attempt is made by these nations to disembarass themselves of their great silver incumbrances? Unless the only possible remedy is applied, namely, the readmission of silver to that sphere of employment from which it has been arbitrarily expelled, there lies before the civilized world a period of incalculable loss and suffering.

You may make what use you like of this letter, understanding, however, clearly, that it possesses no authority, apart from the truth it contains, and, in particular, that I have not been authorized by my Government to write it, and in fact that the Government of India does not know that I have written it. I am, etc.,

(Signed)

R. B. CHAPMAN.

To Professor Nasse, Bonn.

PRINCIPAL ITEMS OF THE ACCOUNT OF BRITISH INDIA WITH COUNTRIES BEYOND THE SEA FOR THE TWENTY-NINE YEARS AND ELEVEN MONTHS ENDING 31st MARCH, 1880.

In Crores and Lakhs of Rupees, 0000's omitted. Thus, 11.56 = Rs.11,56,00,000.

YEARS.	Declared Value of Merchandise Imported.	Net Current Disbursements from the Home Treasury, excluding Debt and Railway Capital Transactions. (Sterling 0000's omitted.)	Figures in Column 3 converted into Rupees at the Average Rate of Exchange for Secretary of State's Bills.	Net Receipts in India on account of England (excluding Bills and Railway Capital Transactions).	Net Value of Gold Imported.	Net Value of Silver Imported.	Net Value of Gold and Silver Imported.	Total of Columns 2, 4, 5, and 8.	Declared Value of Merchandise Exported and Re-exported.	Net Sterling Debt incurred, including Guaranteed Railway Capital raised. (0000's omitted.)	Net Sterling Debt Converted into Rupees at the Average Rate of Exchange for Secretary of State's Bills.	Net Rupee Debt Incurred.	Total Net Debt Incurred. (Columns 12 and 13.)	Total of Columns 10 and 14.	Difference between Columns 9 and 15.	Difference between Columns 8 and 14.	Secretary of State's Bills Paid.	Average Rate of Exchange for Secretary of State's Bills.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.
1850-1851.....	11.56	2.98	2.89	36	1.15	2.12	3.27	18.08	18.16	45	43	1.01	1.44	19.60	-1.52	1.83	3.14	Pence. 24.75
1851-1852.....	12.24	3.31	2.81	50	1.27	2.87	4.14	19.69	19.88	29	28	-21	7	19.95	-26	4.07	2.76	24.12
1852-1853.....	10.07	3.68	3.21	51	1.17	4.60	5.77	19.56	20.46	38	38	64	1.02	21.48	-1.92	4.75	3.33	23.88
1853-1854.....	11.12	4.03	8.98	1.19	1.06	2.31	3.37	19.66	10.30	63	62	2.19	2.81	22.11	-2.45	56	3.41	24.26
1854-1855.....	12.74	3.77	3.87	43	73	3	76	17.80	18.93	3.42	3.51	-5.67	-2.16	16.77	+1.03	2.92	3.63	23.38
1855-1856.....	13.94	4.47	4.53	74	2.51	8.19	10.70	29.91	23.04	3.58	3.63	1.80	5.43	23.47	+1.44	5.27	1.80	23.63
1856-1857.....	14.19	4.80	4.78	31	2.09	11.07	13.16	32.44	25.34	3.34	3.32	1.32	4.64	23.98	+2.46	8.52	2.91	24.08
1857-1858.....	15.28	5.60	5.49	14	2.78	12.22	15.00	35.91	27.46	7.75	7.60	7.75	15.35	42.81	-6.90	-35	1.28	24.46
1858-1859.....	21.73	10.33	9.59	1.10	4.43	7.73	12.16	44.58	29.86	13.63	12.66	5.41	18.07	47.93	-3.35	-5.91	5	25.83
1859-1860.....	24.27	9.12	8.40	50	4.23	11.15	15.43	48.60	27.96	16.64	15.32	5.21	20.53	48.49	+11	-5.10	1	25.06
1860-1861.....	23.49	8.32	7.66	-58	4.23	5.33	9.56	40.13	32.97	9.55	8.80	79	9.59	42.56	-2.43	-3		26.03
1861-1862.....	22.32	8.07	8.11	73	5.18	9.09	14.27	45.43	36.32	12.31	12.38		12.38	48.70	-3.27	1.89	77	23.87
1862-1863.....	22.63	8.80	8.83	94	6.85	12.55	19.40	51.80	47.86	3.53	3.54		3.54	51.40	+40	15.86	5.94	23.92
1863-1864.....	27.14	8.79	8.82	78	8.90	12.80	21.70	58.44	65.62	61	61	-35	26	65.88	-7.44	21.44	9.41	23.93
1864-1865.....	28.15	9.37	9.40	92	9.84	10.08	19.92	58.39	68.03	3.94	3.96	-3	3.93	71.96	-13.57	15.99	7.18	23.90
1865-1866.....	29.60	40.15	10.23	65	5.72	18.67	24.39	64.87	65.49	5.06	5.10	-1.04	4.06	69.55	-4.68	20.33	6.42	23.77
1866-1867 (11 months)...	29.04	8.71	9.03	-64	3.84	6.96	10.80	48.23	41.86	9.51	9.85		10.31	52.17	-3.94	49	5.94	23.16
1867-1868.....	35.71	10.28	10.59	91	4.61	5.59	10.20	57.41	50.87	10.25	10.55		11.23	62.10	-4.69	-1.03	3.82	23.36
1868-1869.....	35.99	7.05	7.31	65	5.16	8.60	13.76	57.71	53.06	7.42	7.70	-29	7.41	60.47	-2.76	6.35	4.60	23.12
1869-1870.....	32.93	11.00	11.34	33	5.59	7.32	12.91	57.51	52.47	8.31	8.57		10.71	63.18	-5.67	2.20	5.88	23.27
1870-1871.....	34.47	11.26	11.96	91	2.28	94	3.22	50.56	55.34	10.03	10.65		11.87	67.21	-16.65	-8.65	9.71	22.60
1871-1872.....	32.09	12.03	12.52	80	3.57	6.53	10.10	55.51	63.21	5.10	5.31		6.47	69.68	-14.17	3.63	9.96	23.05
1872-1873.....	31.87	11.79	12.40	41	2.54	72	3.26	47.94	55.25	94	99	-27	72	55.97	-8.03	2.54	15.06	22.81
1873-1874.....	33.82	12.19	13.09	1.20	1.38	2.50	3.88	51.99	55.00	1.28	1.37	-4	1.33	56.33	-4.34	2.55	14.26	22.35
1874-1875.....	36.22	11.72	12.66	1.24	1.87	4.64	6.51	56.63	56.36	5.86	6.33		9.73	66.09	-9.46	-3.22	12.00	22.22
1875-1876.....	38.89	11.98	13.35	1.01	1.54	1.56	3.10	56.39	58.09	2.89	3.20		6.11	64.20	-7.81	-3.01	14.50	21.65
1876-1877.....	37.44	12.91	14.12	1.56	21	7.20	7.41	60.53	61.01	6.49	7.60	-85	6.75	67.76	-7.23	66	14.49	20.49
1877-1878.....	41.46	13.15	15.18	96	47	14.68	15.15	72.75	65.22	6.56	7.57		10.63	75.85	-3.10	4.52	10.32	20.79
1878-1879.....	37.80	13.79	16.75	78	-90	3.97	3.07	58.40	60.94	1.24	1.50		5.35	66.29	-7.89	-2.28	17.47	19.76
1879-1880.....	41.17	11.82	14.21	43	1.75	7.87	9.62	65.43	67.21	2.08	2.50		6.37	73.58	-8.18	3.25	17.89	19.96
Total.....	7,99,37	2,65,27	2,77,55	19,77	96,10	2,09,89	3,05,99	14,02,28	13,42,57	1,63,07	1,65,83	40,12	2,05,95	15,48,52	-1,46,24	1,00,04	2,07,94	22.29

£198,160,000 = Rs.2,07,94,00,000.

The figures in this table may be thrown into an equation as follows:

EXPORTS AND RE-EXPORTS (Column 10).....	13,42,57	IMPORTS:		
NET PUBLIC DEBT INCURRED:		Merchandise (Column 2).....	7,99,37	
In England (Column 12).....	1,65,83	Precious Metals, net (Column 8).....	3,05,99	
In India (Column 13).....	40,12			11,05,36
		HOME SERVICES (Column 4).....	2,77,15	
		Net Receipts in India on Account of Great Britain (Column 5).....	19,77	
				2,96,92
		BALANCE Net Result of all transactions not included in this table.....		1,46,24, or an average of 4.87 a year.
Total.....	15,48,52	Total.....	15,48,51	

(Presented by MR. CERNUSCHI, page 159.)

TABLE SHOWING THE MONTHLY NOTATIONS, IN LONDON, IN THE PRICE OF BAR SILVER PER OUNCE STANDARD, FROM JANUARY 1833, TO DECEMBER, 1880.

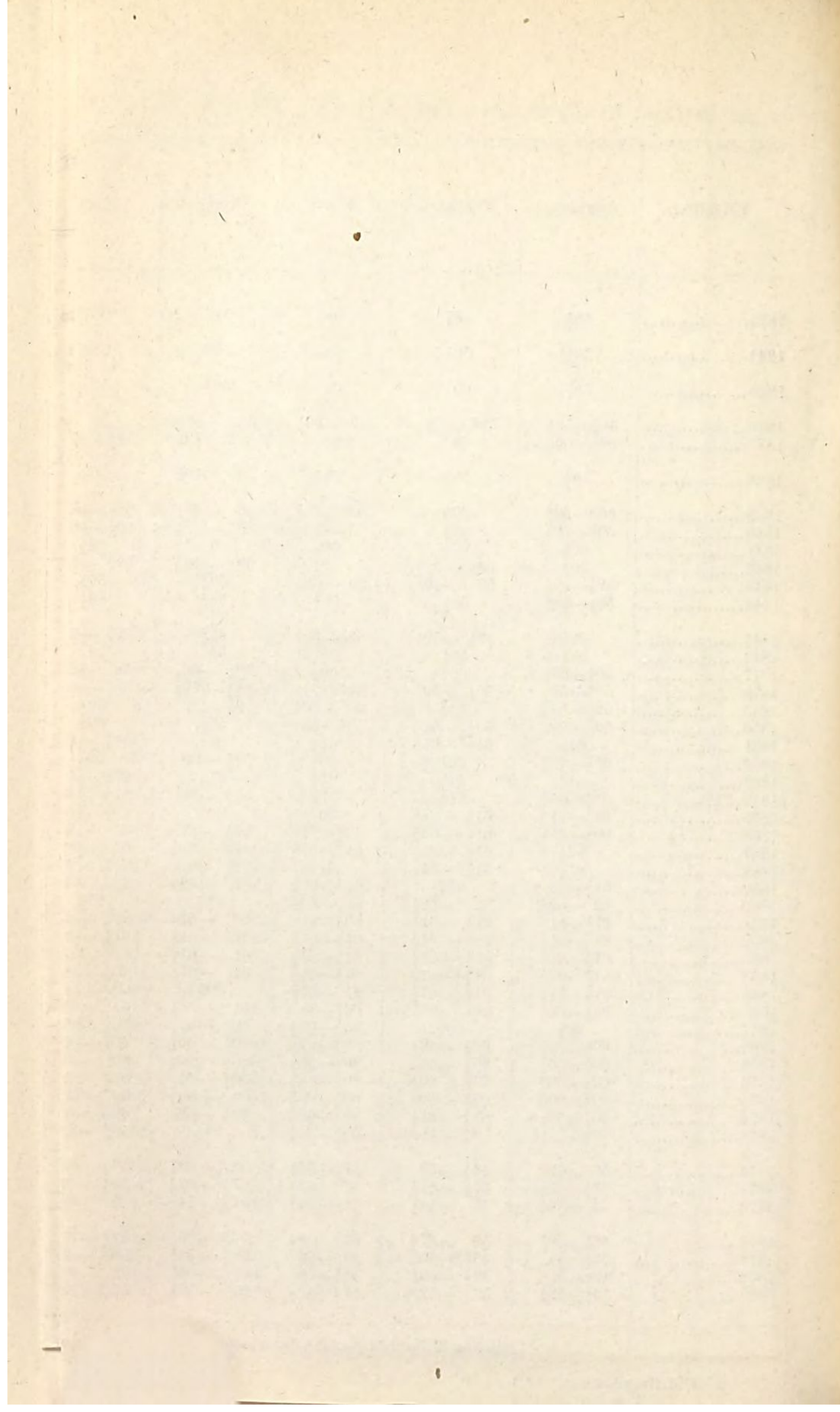
YEARS.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Yearly Average.	Silver Coined in England.	Amount of Bills Drawn in England on Indian Government.	Export of Silver to the East.	Imports of Silver in Bars and Coin.†	Average Bank Rate of Discount.‡	REMARKS.	
1833.....	58 ⁷ / ₈	58 ³ / ₄	58 ³ / ₄	58 ⁷ / ₈	58 ⁷ / ₈	58 ⁷ / ₈	59 ¹ / ₂ — 59 ¹ / ₄	59 ³ / ₈	59 ¹ / ₂	59 ³ / ₄	59 ⁷ / ₈	59 ⁷ / ₈	59 ³ / ₈	£. 145	£. * 55,510	£. † 1,895,023	£.	.....	Continuance of East India Company. Slavery abolished. Compensation to owners, 20,000,000 <i>l.</i> Renewal of Bank Charter. Bank notes a legal tender.	
1834.....	59 ⁷ / ₈	59 ⁷ / ₈	60	59 ³ / ₄	59 ³ / ₄	59 ¹ / ₄	60 ³ / ₈ — 60 ¹ / ₄	60 ¹ / ₄	60 ³ / ₈	59 ³ / ₄	59 ³ / ₄	59 ³ / ₄ — 59 ³ / ₄	59 ¹ / ₈	432,775	398,253	2,146,465	.....	.....	Great importation of gold into New York. Substitution of metallic currency for paper in the United States.	
1835.....	59 ⁷ / ₈	60	60	59 ³ / ₄	59 ³ / ₄	59 ³ / ₈ — 59 ³ / ₄	59 ³ / ₄	59 ¹ / ₄	59 ³ / ₈	59 ³ / ₈	59 ¹ / ₂	59 ³ / ₈	59 ¹ / ₈	146,665	732,803	2,036,167	.....	.....	Extinction of United States National Debt. Bank of United States wound up, owing to refusal of Congress to recharter it.	
1836.....	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₄ — 60	59 ³ / ₈ — 60 ³ / ₈	59 ³ / ₈ — 59 ³ / ₄	60	60 ¹ / ₈	60 — 60 ¹ / ₈	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₈ — 60 ³ / ₈	60 ¹ / ₈ — 60 ¹ / ₄	60 ¹ / ₈	59 ⁷ / ₈ — 60	60	497,719	2,045,254	2,610,101	.....	.....	Banking and commercial embarrassments in the United States. Spanish civil war.	
1837.....	60 ¹ / ₄ — 60 ³ / ₈	60	60	59 ¹ / ₂ — 59 ³ / ₈	59 ¹ / ₂ — 59 ³ / ₄	56 ¹ / ₄	59 ¹ / ₄ — 59 ³ / ₈	59 — 59 ³ / ₈	59 ¹ / ₄ — 59 ¹ / ₂	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄	59 ¹ / ₈	75,385	2,042,232	3,010,190	.....	.....	Commencement of panic in London. Discounts refused. Many houses trading with the United States stop payment. Accession of Queen Victoria. Rebellion in Canada.	
1838.....	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	59 ³ / ₈ — 59 ¹ / ₂	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂ — 59 ³ / ₄	60 — 60 ¹ / ₈	59 ¹ / ₂	174,042	1,706,184	1,945,264	.....	.....	Resumption of specie payment in the United States. Famine in various parts of British India. Affghan war.	
1839.....	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈	60 ¹ / ₄ — 60 ³ / ₈	60 — 60 ¹ / ₄	60 ¹ / ₄ — 60 ³ / ₈	60 ³ / ₈	60 ³ / ₈ — 60 ¹ / ₄	60 ³ / ₈	60 ¹ / ₂	60 ¹ / ₂	60 ¹ / ₂	60 ¹ / ₂	60 ³ / ₈	390,654	2,346,592	1,786,253	.....	5 ¹ / ₂ per cent..	Banks in United States suspend payments in specie. War with China.	
1840.....	60 ¹ / ₄ — 60 ¹ / ₂	60 ¹ / ₄	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄ — 60 ¹ / ₂	60 ¹ / ₄ — 60 ¹ / ₄	60 ¹ / ₄	60 ¹ / ₄ — 60 ¹ / ₄	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄ — 60 ¹ / ₂	60 ³ / ₈	207,900	1,439,525	1,841,335	.....	5	Misunderstanding with France. Treaty of London for settlement of Eastern Question.	
1841.....	60 ³ / ₈	60 ³ / ₈	60	60	60 ¹ / ₄	60 ¹ / ₄ — 60 ¹ / ₄	59 ⁷ / ₈ — 60	60 ¹ / ₄	60 ¹ / ₄	59 ³ / ₈ — 59 ⁷ / ₈	59 ³ / ₈	59 ³ / ₈	60 ¹ / ₈	89,641	1,174,450	3,143,292	.....	5	Great depression in every branch of manufacturing industry.	
1842.....	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ¹ / ₄	59 ³ / ₈	59 ¹ / ₂ — 59 ³ / ₈	59 ³ / ₈ — 59 ¹ / ₄	59 ³ / ₈ — 60	59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₄	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ¹ / ₄	59 ⁷ / ₈	192,852	2,589,283	4,794,678	.....	4	Peace with China. Income Tax Act passed.	
1843.....	59 ¹ / ₄ — 59 ³ / ₈	59 — 59 ¹ / ₄	59 — 59 ¹ / ₄	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂ — 59 ¹ / ₄	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	59 ³ / ₈	239,580	1,197,438	3,752,472	.....	4	Treaty of Commerce opens China to all nations.	
1844.....	59 ¹ / ₄ — 59 ³ / ₈	59 ³ / ₈	59 ¹ / ₄	58 ³ / ₈	59 ¹ / ₂	59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₄	59 ³ / ₄	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ¹ / ₂	610,632	2,801,731	2,495,959	.....	4	Bank Charter Act passed. Consols 101 ¹ / ₄ . Prior to September this year the Bank never reduced the rate below 4 per cent.	
1845.....	59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	58 ⁷ / ₈ — 59 ¹ / ₄	58 ⁷ / ₈	58 ⁷ / ₈ — 59 ¹ / ₄	59 — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₄	59 ¹ / ₄ — 59 ⁷ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄	647,658	2,516,951	2,939,922	.....	3	Railway mania. Sikh war.	
1846.....	59 ¹ / ₄	59 ¹ / ₄	59 ¹ / ₄	59	59	59	59 ¹ / ₄	59 ¹ / ₄	59 ¹ / ₄	59 ¹ / ₄ — 59 ³ / ₈	60 ³ / ₈	60 ³ / ₈	59 ³ / ₈	559,548	3,065,709	1,973,391	.....	3 ¹ / ₄	Commercial and railway panic. Repeal of Corn Laws.	
1847.....	60 ¹ / ₄ — 60 ³ / ₈	60 ¹ / ₄	60 ³ / ₈	58 ⁷ / ₈ — 60 ³ / ₈	58 ⁷ / ₈ — 59 ¹ / ₄	59 — 59 ¹ / ₄	59 ¹ / ₄ — 60	59 ³ / ₈ — 60	59 ³ / ₈ — 59 ³ / ₄	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ¹ / ₈	125,730	3,097,042	4,204,503	.....	5	Year of panic; 10,000,000 <i>l.</i> granted for relief of famine in Ireland. Gold discovered in California.	
1848.....	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ³ / ₈	59 ¹ / ₄ — 59 ¹ / ₄	58 ³ / ₈ — 59 ¹ / ₂	59 ¹ / ₂ — 60	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ¹ / ₄	59 ¹ / ₄ — 59 ³ / ₈	59 ¹ / ₄	59 ¹ / ₈	35,442	1,541,804	3,396,807	.....	3 ³ / ₄	Sikh war.	
1849.....	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈	60 — 60	59 ³ / ₈ — 60	59 ³ / ₈ — 60	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈	119,592	1,889,195	3,811,809	.....	3	First importation of Californian gold into England. Annexation of the Punjab.	
1850.....	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈ — 59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	60 — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈	129,096	2,935,118	5,052,059	.....	2 ¹ / ₂	Average of consols 96 ¹ / ₂ .	
1851.....	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₂	60 ³ / ₈ — 61 ¹ / ₈	60 ³ / ₈	60 ³ / ₈ — 61	60 ³ / ₈ — 61	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	61	87,868	3,236,458	1,715,100	.....	3	Discovery of gold in Australia.	
1852.....	60 ¹ / ₄ — 60 ³ / ₄	60 ¹ / ₄	60 ³ / ₈ — 60 ³ / ₈	59 ³ / ₈ — 60	59 ³ / ₈	59 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈	60 ³ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	60 ³ / ₈	189,596	2,777,523	2,447,450	.....	2	Consols touched 102, and averaged 99 ³ / ₈ .	
1853.....	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	60 ⁵ / ₈ — 61	60 ⁵ / ₈ — 61	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	61 ¹ / ₈	701,544	3,317,122	3,117,980	.....	3 ¹ / ₂	Australian mint established.	
1854.....	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 — 61	61 — 61	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	140,580	3,850,565	3,095,490	.....	5	Russian war began.	
1855.....	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	60 ³ / ₈	60 ³ / ₈	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	195,510	3,669,678	6,431,733	.....	4 ³ / ₈	Loan of 16,000,000 <i>l.</i> Fall of Sebastopol.	
1856.....	60 ³ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	60 ³ / ₈ — 61	60 ³ / ₈ — 61	61 — 61 ¹ / ₈	60 ³ / ₈ — 61 ¹ / ₈	60 ³ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	62	62	61 ¹ / ₈ — 61 ¹ / ₈	462,528	1,484,040	12,113,991	.....	5 ³ / ₈	Russian war ends.	
1857.....	62 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 — 61 ¹ / ₈	61 — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 62	61 ¹ / ₈ — 62	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	373,230	2,819,711	16,731,915	.....	6 ³ / ₈	Panic. Suspension of Bank Act. Indian mutiny. Loan of 1,000,000 <i>l.</i> to East India Company.	
1858.....	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	60 ³ / ₈ — 61	60 ³ / ₈ — 61	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈	445,896	628,499	4,753,933	6,700,000		3 ¹ / ₄	End of Indian mutiny.
1859.....	61 ¹ / ₈ — 62	61 ¹ / ₈	61 ¹ / ₈ — 62	61 ¹ / ₈ — 62	62 — 62 ¹ / ₈	62 — 62 ¹ / ₈	62 — 62 ¹ / ₈	61 ¹ / ₈ — 62	61 ¹ / ₈ — 62	61 ¹ / ₈ — 62	62	62	62	647,064	25,901	14,828,521	14,772,400		2 ³ / ₈	Loan of 5,216,528 <i>l.</i> to East India Company.
1860.....	62 — 62 ¹ / ₈	62 — 62 ¹ / ₈	62 — 62 ¹ / ₈	61 ¹ / ₈ — 62 ¹ / ₈	61 ¹ / ₈	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈ — 61	61 ¹ / ₈	218,403	4,694	8,478,739	10,394,000		4 ¹ / ₈	Commercial treaty with France.
1861.....	61 ¹ / ₈ — 61 ¹ / ₈	61 ¹ / ₈ — 61 ¹ / ₈	60 ³ / ₈ — 61	60 ³ / ₈ — 61 ¹ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / ₈	60 ³ / ₈ — 60 ³ / _{8</}									

* Including Bills on China for this year only. (The East India Company had the monopoly of the trade with China up to 1833.)

† No statistics of imports obtainable prior to 1858

‡ The above totals from 1833 to 1850 include exports from other countries as well as England; from 1851 to 1875 from Southampton only; from 1876 shipments *via* Southampton, Venice, and Marseilles.

|| From 1784 to May, 1839, the rate never exceeded 5 per cent., nor was less than 4 per cent.



SIXTH SESSION

SIXTH SESSION

SIXTH SESSION.

SATURDAY, *May* 14, 1881.

MR. VROLIK presided, and there were present the Delegates of—
Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,
who attended the previous meeting.

The Session was opened at 2 o'clock.

THE PRESIDENT communicated to the Conference a letter in which the Minister of Finance, who had been summoned to Dijon to attend a funeral, expressed his regret at not being able to attend the Session.

The Minutes of the previous meeting were read.

MR. CERNUSCHI, Delegate of France, asked leave to supplement the remarks he made at the last Session respecting the profits realized by certain States of the Latin Union on the limited mintage of five-franc pieces. This profit could have been obtained only on pieces coined with silver bought at low rates, for instance, 1 to 17 or 1 to 18, outside the Latin Union, in Germany, for instance, and which might have been exchanged for gold, in France, under the legal ratio of 1 to 15½. It was but just to remark that the coins manufactured under these conditions represented only an insignificant fraction of the total amount of five-franc pieces coined in Italy. An official statistical document which Mr. Cernuschi laid on the table of the Conference,¹ showed in fact that the silver coined by the Italian Government from 1862 to 1879 came, not from purchases made abroad, but from the melting down of all the money of the various Italian States.

The Minutes were adopted.

MR. CERNUSCHI read the list of questions which he desired to address, according to the intention announced by him at the last Session, to the Delegates of Great Britain, British India, and Canada.

It was resolved that this list of questions should be printed and distributed among the members of the Conference.²

The general discussion of the *Questionnaire* was resumed.

MR. DENORMANDIE, Delegate of France, stated that he had no intention of discussing thoroughly, and in all its parts, the reasoning of the supporters of monometallism. Time would, doubtless, fail him for such a discussion, and he should be afraid, moreover, in entering upon it, of deviating, perhaps, from the reserve imposed upon him by his official capacity, and from which he desired not to depart.

There is, however, one objection made by Mr. Pirmez, said Mr. Denormandie, to which I am anxious first of all to reply. The honorable Delegate of Belgium endeavored to establish that the Conference was not competent for the task to which it had been invited; he maintained that it was contrary to true economic prin-

¹ See Exhibit A, p. 231.

² See Exhibit B, p. 232.

ciples, contrary to liberal ideas, to try and fix by agreement, at an invariable rate, the ratio between gold and silver, and that, were such an arrangement concluded, the signatory States would be powerless to insure its execution.

Are these serious assertions well founded? Is it true that Governments are incompetent in monetary questions? Is it true that they have no right to settle all their details, especially that essential point, the relative value of the two metals, gold and silver?

For whoever reflects on the nature and origin of money, the reply to these questions is not doubtful.

What, then, is money? Without investigating theoretically whether it is a commodity or not, we may from the practical, and, as it were, utilitarian standpoint, define it as a value which is related to the greatest possible number of our requirements, in a word, a universal instrument of exchange. The conditions which it should combine are known to all. It should be more easily transportable, more easily receivable than the various objects whose place, so to speak, it takes; it should, moreover, be homogeneous, easily divisible into small fractions, formed of a sufficiently durable material; lastly, it should be capable, without difficulty, of receiving the durable stamp which becomes, as it were, its patent of nobility. Money thus constituted appears in the history of humanity simultaneously with the earliest traces of civilization. At the outset, nations still barbarous exchanged merchandise for merchandise; gold and silver, already discovered, served only as ornaments. But this primitive, and, so to speak, rudimentary system did not outlast the savage state. As soon as sciences and arts had made some progress, as soon as communities were formed, monetary truth made its appearance; gold and silver were raised to the rank of money. It was evidently the result of a common understanding, a general consensus, a kind of convention. Under what form it is unknown, but the fact of this consensus is not doubtful.

None of these principles, none of these facts, are overlooked, it is true, by Mr. Pirmez, but, looking to the object for which the Conference has been convened, he denies that Governments have the power of causing two metals to co-exist, which in fact have never circulated together, he maintains that to try and decree this co-existence, and fix the mutual relation of gold and silver by giving to that fixity an international character, is to fall into the abuse and error of State interference, to exaggerate the legislator's influence, and to condemn oneself beforehand to failure.

Is this statement correct? No doubt, in the past, we meet with no international arrangement fixing the mutual relation of gold and silver, but why? Because there was then no common life between Nations, because their relations were relations of rivalry and conflict, not of harmony, or mutual understanding, because the quantity of precious metals in circulation in the world was exceedingly small, because there was then no stability in laws, but monetary legislation, like all other legislation, was subject to the caprices of authority, and there was no year when, at one point or another, money was not altered in weight, in fineness, and in value. In the single reign of Louis XIV., no less than fifty edicts on money have been counted up in France. Stability was, therefore, lacking, and with it the first and essential condition of any convention.

To-day all is different. Great intellectual, moral, and social progress, a wonderful development of all the forces of humanity, have, from the outset, marked the agitated but glorious century in which we live. Communities have become steady and regular, immortal discoveries have transformed the world, business has taken an unexampled development, nations have formed relations more and more stable, more and more peaceful, more and more intimate. All these relations are governed by international arrangements. Commercial treaties, navigation treaties, consular conventions, railway conventions, telegraphic conventions, literary conventions, conventions for the protection of trade-marks, for the protection of artistic and industrial property, all are various but concordant demonstrations of the necessity felt by the great nations of the two hemispheres that their mutual relations should be consolidated and developed, and reduced to certainty by diplomatic stipulations. There is scarcely a day when some one of the Parliaments of Europe has not to deliberate on a diplomatic treaty designed to settle the international relations of nations. Yet, there is a pretension to exclude from this sphere of diplomatic concert, money, the basis and guarantee of all these relations.

Money, however, has already become matter of international transactions, for in every country its legislation, formerly uncertain, has been completed and settled. The ratio of 1 to $15\frac{1}{2}$ between the two metals has imposed itself by practice, by the force of things; it became the rule in France from the end of the last century, and the rule in international relations by virtue, not of a treaty, but of steady usage and of *de facto* agreement.

Such was the situation till of late. The general observance of the rule of $15\frac{1}{2}$ had guaranteed to the Continent long years of mon-

etary security. All know to what extent this favorable state of things has been changed. Under the influence of causes which have already been sufficiently indicated, the equilibrium has been disturbed and broken, past stability has given place to a profound derangement, to a malady which nobody denies, and which calls for an immediate remedy. That remedy, if it exists, should, by the confession of all, have an international character, like the very evil it is designed to mitigate or cure. The question, therefore, is to negotiate a treaty. Can it be concluded? What will it be? Nobody yet knows, but what seems beyond doubt is, that it is useful, necessary, and urgent to try and frame it, that in endeavoring to lay down its bases the Conference is acting within its competency, within its right, almost within its duty. This it is enough at present to establish and place beyond discussion, subject to considering at the proper moment whether it is true, as affirmed by Mr. Pirmez, that the monetary system adopted by the Powers would not succeed in getting accepted by commerce and the public.

Having determined the right of the Conference, there is another point it is well to consider, the interest which commerce may have in the solution of the monetary problem in one direction or another. If the history of the last fifty years be examined from this point of view, if we try to understand the causes and effects of the various economic crises which have marked this half century, we arrive at singularly significant conclusions. We find that institutions of credit have had a much less severe ordeal in bimetallist countries than in monometallist countries, and we thus see demonstrated by facts with overwhelming evidence the superiority of the double to the single standard.

In 1837, 1838, 1839, a violent crisis raged in America. The Federal Treasury withdrew its deposits from the United States Bank, and to restore the metallic currency it flooded the English market with American paper. The situation at London became extremely difficult, and the Bank of England's metallic stock fell from 200,000,000 to 75,000,000 francs. This first example proves what an influence a country's monetary legislation may exert on the intensity of crises, and to what shocks monometallic markets, like that of London, are exposed. In 1837, the Bank of England was even forced to apply to the Bank of France, which lent it 50,000,000 of francs in credit securities, and which, thanks to the French bimetallic system, scarcely felt the effect of the catastrophes occurring at New York and London.

In 1847, the wheat crisis, common to both countries, breaks out.

In England, the act of 1844 is suspended, bills are limited to thirty days, numerous failures shake the market, and the rate of discount rises to eight per cent. In France, the crisis is speedily mitigated by the sale to Russia of national *rentes* to the amount of 50,000,000 of francs, and the rate of discount is kept at five per cent.

In 1857, a fresh monetary panic, the effect of American crises, breaks out in France as in England, and this time, too, it is much less intense on this side the Channel than on the other. The Bank of France is forced to raise its discount to 10 per cent., but only for a fortnight; whereas, the Bank of England, all its gold having been, as it were, drained by the United States, finds itself compelled to keep up its discount for six weeks at the high rate of 10 per cent.

In October, 1860, the Bank of England lacks no longer gold, but silver, it asks the Bank of France for it, and the latter, thanks to French bimetallism, is able to send to London 52,000,000 of fine silver for a like sum in gold.

In 1861, Russia, in her turn, endeavors to procure silver for coining fractional money; she, too, applies to the Bank of France, and the bank, rich in both metals, by virtue of the French monetary system, is able to furnish the Russian Treasury with 31,000,000 of fine silver for an equal sum in gold imperials.

In 1864, the cotton crisis is common to France and England, and occasions on both sides a rise in the rate of discount, but this dearness of money is much more marked in England than in France.

In 1866, owing to the excessive and imprudent development of limited liability companies, a fresh monetary crisis arises, and this time more intense. The Bank of England, suffering from the withdrawal of bullion, and the exhaustion of its reserve of notes, again obtains the suspension of the act of 1844, and its rate of discount varies between January and July, from 6 to 8 and 10 per cent. During the same year, the average rate of discount at the Bank of France does not exceed $4\frac{1}{2}$ per cent.

Thus, in all these crises, occurring in such various periods, and in such different circumstances, we find the Bank of France less severely tried than the Bank of England. In forty-five years, from 1837 to 1881, the former alters its rate of discount only a hundred times, the latter makes it undergo 292 changes. It may safely be affirmed that the French monetary system is not unconnected with this result. The faculty, possessed by France, of resorting alternately or simultaneously to the two metals, enabled her not only to employ one or the other, according to circumstances, and ward off

the effects of their successive scarcity, but also to come to the aid, not without profit to herself, of those of her neighbors who happened to lack either gold or silver. The Bank of France was able, like a vast reservoir of coin, to satisfy the applications made to it on different sides, and this situation, equally profitable to all, was maintained without alterations as long as the mintage of silver remained free.

Since the suspension of mintage, since silver has been discredited before the law in several foreign countries, the state of things has altogether changed, and France sees herself menaced in her essential wealth, her metallic wealth, by the working of that balance of trade whose power Mr. Pirmez vainly seeks to question. If customs statistics are consulted we find that, from 1876 to 1880, the general commerce of France showed 21,335,000,000 francs of imports, and only 16,821,000,000 of exports. The excess of imports is, therefore, 4,514,000,000. What has been the effect of this fact on the movement of the precious metals and on the stock at the Bank of France? Here it is in two words. In 1876, France imported 598,000,000 of francs in gold; in 1880, she imported only 194,000,000 of francs. In 1876, she exported only 94,000,000 of francs; in 1880, she exported 413,000,000. The composition of the stock of the Bank of France has altered in the same proportions. It was composed in 1876 of 1,539 millions of francs in gold, and 640 millions in silver; in 1880, it comprises 564 millions in gold and 1,222 millions in silver. It thus lost in these five years 975 millions of gold, and gained 582 millions of silver. Nor is this, as Mr. Pirmez thinks, the result of a simple phenomenon of one metal taking the place of the other in the internal circulation; it is a question of an actual export, for the record of arrivals of gold in the United States allows us to trace, almost steamer by steamer, on the other side of the Atlantic, the effect of the withdrawals of coin from the Bank of France.

In view of this situation, many minds in France are uneasy, and ask not without anxiety what will be the result of this Conference. People say that if, contrary to all expectation, an assemblage like this should arrive at no practical result, silver might for a long time, if not for ever, be visited with complete discredit. They ask what, in that case, would be the position of countries under the paper money system; they even fear that if, owing to the discredit of silver, the civilized world becomes reduced to the exclusive use of gold, it may be threatened, in a more or less near future, with a dearth of money. With the development of business, with that

feverish movement which, with a full head of steam, carries along the commercial and the financial world, who would maintain that a single precious metal is sufficient to meet the ever-increasing requirements of the public? Who could foresee, with a limited metallic circulation, the consequences of a financial catastrophe, of a dearth, of a deficit in the production of gold? The banks would be forced to raise their discount to defend their reserves, and that rise in the rate of discount, in the existing state of European markets, and with a single metal, might rapidly assume the proportions of a disaster.

We can not even count, to ward off this peril, on an increase in the production of gold. That production diminishes rather than increases. It rose, in 1850, to about a million a year; it is now reduced by one-half, and nothing warrants the supposition that it will revive. In face of this marked falling off in the yellow metal, it would be rash to make the business world the interests of all, and, in a certain degree, the fate of mankind depends upon that metal exclusively. Nature has liberally responded to man's requirements; it has given him the two precious metals, with a suggestion as to their use, which can not be mistaken; it has nearly always offered them to him not singly and separate, but in proximity, and frequently combined. There would not merely be serious imprudence, but even a kind of ingratitude, in rejecting one of these gifts of nature and of Providence. Sooner or later, the return to the simultaneous use of both metals, in short, the rehabilitation of silver, will impose itself as an absolute necessity on the Legislature. It is good policy not to await that crisis, but to foresee and to take action in advance of it.

MR. PIERSON, Delegate of the Netherlands, asked leave to reply to the objections raised against bimetallism by Mr. Broch and Mr. Pirmez. He was struck, moreover, with the fact that most of those objections turned against those who formulated them, and really became arguments in favor of the simultaneous use of the two metals. Bimetallism, said Mr. Pierson, has been denounced, for instance, as contrary to economic science; it has been reproached with resting on the legal establishment of a ratio of value between two metals. But do bimetallists really assert this? No; they know as well as their opponents that law can do nothing against the reality of things, against facts, against economic principles, and they do not mean that the law ought to settle the relations of value between two commodities. They merely maintain that law

may exert a certain influence, not on the value itself, but on the causes which determine the relation of value between gold and silver. Now, this influence of the law is admitted by the monometallists themselves, by Mr. Pirmez in particular, inasmuch as, wishing to reassure the Conference as to the situation of the countries with the limping-standard, he maintained that the existing ratio between gold pieces and five-franc crowns would be kept up without alteration as long as the law continued to forbid the free mintage of silver. The bimetallic law at 1 to $15\frac{1}{2}$ neither governs nor creates the relations of value between gold and silver; it confines itself to attesting, recognizing, and proclaiming the comparative utility of these two metals, which may serve the same purpose in different degrees.

Monometallists, it is true, reply that were this principle sound, bimetallists could just as well fix the mutual relation of the two metals at 1 to 2, or at 1 to 100, as at 1 to $15\frac{1}{2}$, seeing that their system is based on an arbitrary appraisement of the comparative utility of the two metals. Monometallists forget that this comparative value of the two metals is not determined solely by their monetary use, on which the Legislature exerts a considerable influence, but also by their industrial use, which entirely escapes his influence. They overlook, moreover, that the bimetallic legislature in fixing the proportion of 1 to $15\frac{1}{2}$ has, as it were, contented himself with ratifying existing facts, with legalizing the ratio indicated by commerce itself, and that that ratio held its ground without alteration for nearly a century, until the quite recent date when altogether exceptional circumstances arrived to impair it.

The preference which the public would accord to gold, and which would speedily result in the abandonment of the ratio fixed by law, is also objected against bimetallists. But is this preference of the public for gold as general, as certain, as marked as is asserted? Certain facts warrant a doubt of it. Thus, in several agricultural districts of the Netherlands, the peasants will not take gold, because gold pieces are not convenient either for retail trade or for the payment of small wages. Gold really responds to the requirements of only a very small minority of inhabitants of towns, or of wealthy fundholders. It is too heavy for large payments, and is, in that case, usefully replaced by notes or checks. It is, on the other hand, not divisible with sufficient convenience to serve in the settlement of small transactions, for which silver will always be preferred.

Even supposing the mass of the public have really a preference

for gold, is it imagined that that preference would suffice to place the yellow metal at a premium? This result might be obtained with the co-operation of the chartered banks, if the latter accepted the payment of a given sum with a smaller quantity of gold monetary units than of silver monetary units. But these banks, in Europe at least, are placed too directly under the influence of the State for them to think of acting in this way alongside, and under the authority, of a bimetallist legislator.

Monometallists also recall the so-called Gresham's law, according to which, when a country has the double standard system, and when the real ratio of value of the two metals no longer corresponds to the legal ratio, the depreciated metal always drives out the other, but is it imagined that the appreciated metal will indefinitely continue its emigration to countries where its value has increased without there causing a glut which will depreciate it in its turn? Gresham's law is, doubtless, opposed to the establishment of the bimetallic system in a small group of States, but not to its establishment on a territory embracing the most civilized countries of the world. It will, on the contrary, prevent the real value of the metals from deviating from their legal value.

The same reasoning also serves as a reply to another objection offered by Mr. Burckhardt-Bischoff. The honorable Delegate of Switzerland affirms that bimetallism is contrary to common law and equity, for it allows the settlement in silver of a debt contracted in gold; that is to say, that with a depreciated metal, one can pay for a metal which is at a premium. It is sufficient to remark, that if debtors thus adopted the fashion of paying their debts with depreciated metal, the very depreciation of the latter would disappear by reason of the multiplied demands which would be made on it.

There are no serious inconveniences in adopting bimetallism, but there would be serious perils in carrying out monometallism. It is certain that the better of these two systems, in order to become effective, should be adopted and applied every-where. Can this be hoped for? Were we certain of it, the results would be most serious. There is, in fact, in European and American circulation, a sum of four milliards of silver pieces, the value of which, as metal, is not equal to their legal value; there are, moreover, about two millions of notes and paper money, repayable in gold or in silver. Can it be denied that if these six or seven milliards of silver or paper were converted into gold, there would be the

risk of bringing about an immediate and terrible rise in the yellow metal, and, consequently, an unprecedented crisis?

MR. BROCH, Delegate of Norway, was anxious first of all to discuss the calculations submitted in the course of the previous Session, by the Delegate of Russia, respecting the quantity of gold coin which would be required by the countries under the paper money system, in order to resume specie payments. In that calculation, said Mr. Broch, Mr. de Thoerner estimated at 35 francs per head the amount of money which those States would need for such an operation. Is not such a proportion much too high? In the Scandinavian States, the quantity of gold money, including the gold ingots in the bank cellars, is 25 francs per head, and these States, owing to the chiefly agricultural character of their population, are in a somewhat analogous situation to the average population of Italy, of Russia, and even of Austria-Hungary. If an average proportion of 25 francs per head were adopted for these three great monarchies, instead of that of 35 francs, six milliards of francs in gold would no longer be required by them, in order that they might attain the gold standard metallic currency; only four milliards would be needed. Thus, Italy, which, at the proportion of 25 francs per inhabitant, would need 700 millions of francs in gold, is now asking only for a sum of 400 millions, which, as always happens, would undergo a somewhat considerable reduction on the very morrow of the loan, through the dispatch of money abroad.

It is certain, moreover, that it would be expedient, as Mr. de Thoerner has proposed, to reduce the amount of gold needed in the circulation by not subdividing it to excess, as has unfortunately been done, and by superseding instead, the five and ten franc pieces, and the five and ten gold marks by pieces of the same value in silver. The small gold pieces are very little liked by the public, they soon become worn, and are easily lost. A considerable quantity of them has been manufactured; in France, 211 millions of francs, in five-franc pieces, and 965 millions in ten-franc pieces. In Germany, 35 millions of francs in five-mark pieces, and 556 millions in 10-mark pieces. There must, altogether, have been coined 250 millions of five-franc, five-mark, and one-dollar pieces, and about two milliards of 10-franc, 10-mark, and 10-shilling pieces. It would seem desirable to withdraw these pieces from circulation, except a certain quantity of 10-franc, 10-mark, and 10-shilling pieces for internal use, which would not have the character

of international money. The demonetized pieces might be melted down and converted into 20-franc pieces, while silver could be substituted for gold in the manufacture of pieces not representing more than five or 10 monetary units.

Of all the European States having the paper money system, that which most pre-occupies us, because it is the nearest to resuming specie payments, is Italy. All of us, I am certain, continued Mr. Broch, concur in the sympathetic words uttered at the last Session by our honorable colleague, Count Kuefstein. We all know what were the exigencies which led Italy to give her notes forced currency; it was for the sake of the most sacred duty—the liberation of the country; it was to make Italy a nation, a State, instead of a geographical denomination, it was for reasons which are most of all to be respected; but Italy has done more, she had to regenerate quite a large portion of her territory, in which she found almost a *tabula rasa*; she has there had to create an administration almost out of nothing; she imposed on herself the highest and most burdensome taxes to meet her engagements; she has happily had very able men, who have managed their country's financial affairs, who succeeded, three or four years ago, in effecting an equilibrium in their budgets, and in shutting up their bank-note printing presses. They have seen the exchange rise nearer and nearer to par; they are now quite near it; the exchange, on London, if I am not mistaken, is about 26½ lire, perhaps even 26 lire. They now require a loan, to which we can only wish success.

We can only be surprised, that having to procure not Italian fractional money, a sufficient quantity of which she will find at the Bank of France, and which will serve to redeem 300 millions of francs of small notes, but 400 millions of francs in gold for the reimbursement of the large notes, she still clings to the principle of bimetallism, at the risk of thereby shutting herself out of two of the largest markets of the world, those of England and Germany, which will never accept the double standard.

England and Germany have made on this point Declarations which leave no room for doubt. If, in fact, there are reckoned up in those two countries economists, *savants*, men of mark, who pronounce in favor of bimetallism, there is, on the other hand, no statesman of any standing who ventures to propose the unlimited mintage of silver. These two powerful empires have definitively adopted gold monometallism. Countries, therefore, which should open the doors of their mints of silver, or should acknowl-

edge the white metal as unlimited legal tender, would thereby debar themselves access to the market of gold standard countries, or would at least doom themselves to entering only on conditions of burdensome inferiority.

The bimetallist States flatter themselves, it is true, with winning over to their system the vast Empire of India, which is now silver monometallist. It is probable, indeed, that this transformation of the Indian monetary system will happen some day, but it is not desirable that it should be realized now, for its infallible result would be to make part of the enormous mass of silver with which India is saturated flow to Europe, and to draw to India a certain quantity of European gold.

In short, universal bimetallism is not possible, for in Asia, India, and China are silver monometallic, and in Europe two of the chief powers are resolved on remaining gold monometallic. Failing the co-operation of Germany and England, or at least one of them, bimetallism, said Mr. Cernuschi, at the outset of the labors of the Conference, would be impracticable. What does he understand, then, by *bimétallisme à deux*, whose adoption he now suggests? The United States might put up with that system, because, in their capacity of large exporters of merchandise, payable in bills on London, they are sure of always keeping large quantities of gold. They could do so, also, because they would not be exposed to seeing silver flow to them; they are too great producers of silver for Europe to send them that metal, which they furnish, on the contrary, to Europe. The time is approaching, moreover, when the United States, sufficiently provided with coin, will no longer have to ask Europe for it, and when, in payment for their consignments of breadstuffs and raw materials to the old continent, they will have to demand in exchange greater and greater quantities of manufactured articles or of European securities; but, on either hypothesis, they will be no resource for Europe for the sale of its depreciated silver. Since November, 1878, the United States banks have mutually engaged not to receive silver coins on current account, even those which are legal-tender in America.

Bimetallists, it is true, raise an objection to the exclusive use of the gold standard, which Mr. Denormandie repeated in concluding his speech, and which deserves attention. They express a fear that the quantity of gold which now exists in the world, and that which may be annually extracted, are not sufficient to meet the requirements of Europe and of the United States, and that the scarcity

of money will cause a disastrous fall in prices. Already, say some leaders of the bimetallist school, the gold famine is foreshadowed, and this simple menace has, to a large extent, contributed to the enormous fall of all prices going on for five years in Europe. A single word is enough to dispel these fears; the present fall of prices is in no way disquieting; it is rather salutary. It is not at all the result of a more or less imminent gold famine; it is simply a reaction, equally legitimate and necessary against the exaggerated rise, which, from 1872 to 1876, had, as it were, carried away all merchandise. As for that rise, in great part factitious, of 1872, every body remembers what was its cause; it sprang from that unfortunate movement of the milliards—unfortunate especially for the States where it created the illusion of inexhaustible wealth, and where it served as a pretext for a sudden and abnormal inflation of prices; less disastrous, perhaps, even beneficial in a certain degree for the country which was thus sharply recalled to notions of industry, thrift, and economy, the sure and inexhaustible sources of national wealth. This fever of the milliards has now been emerged from; as in 1837-40, the fall which has lately occurred has corrected the exaggerations of the rise preceding it; but this fall has not exceeded the necessary limits, and we have merely come back to the starting point. There is no ground, therefore, for regarding it as a disastrous consequence of an alleged monetary scarcity, and for threatening Europe with a gold famine.

In my view, said Mr. Broch, in conclusion, the necessary solution is that Europe and the United States should accept the single gold standard; that silver should be reduced to the requirements of the internal trade of the various countries as fractional money. The art of statesmen is to comprehend and tend to draw inspiration from the great social movements of our time and race. I spoke of this in my first address, and I say no more upon it. It is the duty of statesmen to foresee the reforms necessitated by these great movements, to introduce those necessary reforms with a firm and dextrous hand. Hitherto, since Europe formed her existing civilization—since the fall of the old world, as it was called—it was France who, from the first, from the earliest centuries of the middle ages, always marched at the head of the social movement. This time she has allowed herself to be outstripped by other States. Let her resume her place, let that defective condition called the limping-standard cease. I am certain, I repeat, that that is the only definite solution of the problem we are here studying. How fortunate those

who, in these great movements, march in the van; theirs are the facilities, theirs are the advantages! Woe to the laggards, to the last comers; theirs will be all the accumulated difficulties; theirs will be all the losses.

The general discussion of the *questionnaire* was adjourned to Tuesday, the 17th May, at 1.30.

The Session terminated at 5 o'clock.

EXHIBITS TO THE SIXTH SESSION.

EXHIBIT A.

(Presented by MR. CERNUSCHI, page 216).

I.—SILVER COINS STRUCK IN ITALY, 1862 TO 1879, INCLUSIVE.

	<i>Francs.</i>
Silver coins at 835-1000 coined, 1862-1868	156,000,000
“ 900-1000 “ 1862-1879	364,637,025
Total Mintage of Silver,	<u>520,637,025</u>

The mintage of subsidiary coins was suspended in 1868.

Net Total of Silver Coins of former Governments retired from circulation, 1862-1879 :

	<i>Francs.</i>
	539,419,839
Deduct	<u>520,637,025</u> mintage of new coins of the realm.
Difference,	18,782,814

A considerable part of the latter sum represents the loss suffered by the Treasury on the recoinage of old silver coin.

EXHIBIT B.

(Presented by MR. CERNUSCHI, page 216.)

QUESTIONS ADDRESSED TO THE BRITISH DELEGATES.

QUESTIONS RELATING TO ENGLAND.

I.—Had not any Englishman, and any person of no matter what nationality, a right, till 1874, of converting, at Paris, into five-franc pieces, either his plate or any quantity of silver, and was he not able with the five-franc pieces thus obtained, to buy, in France, bills on London payable in gold?

II.—Is it not the fact that the monetary par between Paris and London results from the comparison between the quantity of fine gold existing in the sovereign and in the 20-franc pieces?

III.—Does it not follow that the five-franc silver pieces having forced circulation in France at par with the 20-franc gold pieces, bills on London are just as obtainable with silver francs as with gold francs?

IV.—Does it not follow that any foreigner possessing silver could thus indirectly convert his metal into gold sovereigns at the French rate of $15\frac{1}{2}$; that is to say, $60\frac{1}{6}d.$ per ounce, less the expense involved in the operation?

V.—Does it not follow that the value of silver expressed in gold was every-where, till 1874, determined by the French law, which established the ratio of one to $15\frac{1}{2}$ between the value of the two metals?

VI.—Was not the clause in the Bank Act of 1844, empowering the Bank of England to issue, as representing a certain quantity of silver, bank notes, re-payable at sight in gold, justified by this fact of silver being always convertible into gold at Paris at the rate of $15\frac{1}{2}$?

VII.—Did not Sir Robert Peel himself declare, in the House of Commons, on the 20th May, 1844, that the silver thus lying at the Bank of England acted exactly as if it were gold?

VIII.—Is it not the fact that the issue of bank notes representing silver ceases to be justifiable from the moment when, by the disappearance of French bimetallism, silver is no longer convertible into gold at Paris at a fixed par?

IX.—Did not Sir Robert Peel acknowledge, in his speech of 20th May,

1844, that it was inconvenient for England to have a monetary metal different from that of other countries?

X.—Would not England be in a very difficult position if no nation except herself allowed forced circulation to gold?

XI.—If it is convenient that national money should, as regards material, be international money, is not the best money that whose internationality is the most extensive?

XII.—Was not silver till 1816 universal money?

XIII.—Would England's creditors have been injured if, at the time the ounce of silver at London had a fixed value in relation to gold, instead of being paid in gold they had been paid in silver, especially if silver had been coinable at London as it was at Paris?

XIV.—In other words, if Sir Robert Peel, instead of the limited bimetallism sanctioned by the Bank Act of 1844, had carried a complete bimetallic law as in France, would the holders of contracts previously concluded in gold have suffered any loss?

XV.—Is not the old silver coin of France, Germany, and Holland, still at the par of $15\frac{1}{2}$ with gold?

XVI.—Is it not evident that if England adhered, in 1881, to international bimetallism, the creditors in gold would be no more injured than the creditors prior to 1844 would have been, if at that date bimetallism had been established in England?¹

XVII.—Did not Sir Isaac Newton, as Master of the London Mint, demonstrate in his Report to the Lords Commissioners of the Treasury, dated 21st September, 1717, that if the legal ratio between gold and silver was the same in England and on the Continent, it would no longer be anybody's interest to export or to import one metal rather than the other.

QUESTIONS RELATING TO INDIA.

XVIII.—Is it not the fact that the law being gold monometallic in England and silver monometallic in India, English merchants having to send silver to Asia in payment of what they owed, were always forced, till 1874, if no silver arrived at London, to apply to the Continent for it?

XIX.—Is it not the fact that, generally speaking, the silver monometallic States of the Continent were not capable of supplying silver to England, the gold they would have received in payment not having forced circulation with them?

XX.—Is it not the fact that it was to bimetallic France the English had to apply in order to get silver in exchange for their gold, and that they were thus exposed to paying an agio on silver, that is to say, to giving rather more than one kilogramme of gold to procure $15\frac{1}{2}$ kilogrammes of silver? And is it not the fact that if silver arrived at London, and they had no payments to make in India, the English offered rather more than $15\frac{1}{2}$ of silver to France to get one of gold?

(1) See the observations following, p. 235.)

XXI.—Is it not the fact that the cost of mintage at Calcutta and Bombay amounts to 2 per cent.; that before the opening of the Suez Canal, the freight for monetary metals between London and Calcutta or Bombay amounted to 2 per cent., and that the voyage being longer, the loss of interest on the metal transported was greater than at present?

XXII.—Supposing India had been gold monometallic like England, would not the limit of oscillation in the exchange have been, with the cost of brokerage, transport, and mintage, between 5 and 6 per cent. below par, and 5 or 6 per cent. above, so that 100*l.* to be paid or received in India would have been worth in the London market from about 94*l.* to 106*l.*, according as one of the two countries was more or less the creditor of the other?

XXIII.—Could these oscillations of exchange between 94 and 106 have been avoided, seeing that instead of having a single metal as common money, India is silver monometallic and England gold monometallic?

XXIV.—Had not these oscillations of exchange the effect of making the quotation of silver at London oscillate with relation to gold?

XXV.—Were not the oscillations of the Anglo-Asiatic exchange, and, consequently, the oscillations in the quotation of silver, from the date of the opening of the Suez Canal until 1874, slighter than they were previously?

XXVI.—Subject to these oscillations and subject to some rare variations due to the dissimilarity of legislation, were not the value of the rupee and the quotation of silver maintained at London till 1874 at 1*s.* 10½*d.* and at 60¼*d.*?

XXVII.—Silver not being a monetary metal in England, was it not there merely a metallic remittance which could not remain on the spot without losing interest, but the quotation of which was only subject to the limited oscillations to which all letters of exchange are liable?

XXVIII.—Were the Calcutta and Bombay bankers able, on selling their bills on London, to require more rupees than were involved in the French ratio of 1 to 15½ between the two metals?

XXIX.—Was not the buyer of the bills guaranteed against the exaction of the bankers by the possibility of forwarding the rupees to Paris, where silver was of right worth 15½ compared with gold?

XXX.—Was not the price of the bills on India sold in London by the Indian Government always conformable with the ratio 15½, subject to the oscillations of exchange?

XXXI.—Has not the disappearance of French bimetallism had the effect of making the rupee lose its old value compared with gold.

XXXII.—Has not the disappearance of French bimetallism been disastrous to the Indian Treasury?

XXXIII.—How many rupees has the loss on exchange cost the Indian Treasury from the year 1874 to 1881?

XXXIV.—At how many rupees is estimated the loss by exchange for the year 1881-82?

QUESTION RELATING TO CANADA.

XXXV.—If the United States adopt, in accord with Europe, a bimetallic legislation, is it not the interest of Canada to follow the example of the United States?

GENERAL QUESTIONS.

XXXVI.—Is it not sufficient to cite the great fluctuations in the price of silver at London after 1874 as proof that there is no longer any great country where bimetallic legislation is in operation?

XXXVII.—Is it not sufficient, on the contrary, to cite the rates of silver at London during the years prior to 1874, to show that, at least, in a great country well supplied with gold and silver, the monetary law in force was bimetallic at 15½?

XXXVIII.—Is it not the fact that what is called the market of the precious metals changes its tone according as monetary legislations change?

XXXIX.—Is it possible to demonstrate that under a decided bimetallic legislation the relative value of the two monetary metals can evade the power of the written law?

XL.—Can it be questioned that if the legislation of a single great country sufficed to maintain for nearly a century the relative value fixed by it between the two metals, the same result will not be still more easily obtained by a legislative accord between several great countries?

XLI.—Considering that the English Government has declared it would refuse to introduce bimetallism into India, considering that one of the conditions of the bimetallic programme consists in postponing *sine die* the introduction of gold money into India, and that, consequently, on this point both sides are agreed, one asks wherein would consist the co-operation which the English Government still offers for assisting in the re-establishment of the value of silver?

XLII.—Would there be any disadvantage for England, and if so, what, if she adopted international bimetallism at the same time as the Continent and the United States?

OBSERVATIONS.

In order to explain clearly Questions XIII. and XVI., which are aimed at two objections which are always raised in England against those who proposed to make the coinage of silver as free as that of gold (at the international ratio of 1 to 15½), I reproduce the following passage of an address which I delivered at the Social Science Congress held at Liverpool in October, 1876:

“The English sovereign will lose its value, its purchasing power will be impaired if silver is allowed to circulate as an unlimited legal tender.”

“This objection of the English gold monometallists is unfounded. If silver could really be driven out of circulation the value of gold would

increase. If silver had never been in circulation the value of gold would have been, and would be, greater than it is. But silver has always circulated; it has always competed with the value of gold; it still circulates, and the reduction which this rivalry might impose on the value of gold, gold has already fully undergone; it has nothing more to fear. Although, silver has not circulated in England, the value of English gold has never escaped the effects of the competition of silver. The proof of this is that English gold has never been, and is not, worth more than French gold, circulating side by side at par with the silver five-franc.

“With the French bimetallism the gold sovereign was worth in silver $15\frac{1}{2}$ times its weight, just the same as the gold franc. The case will be the same under international bimetallism. The circulation of silver in England will, therefore, strike no blow at the value of the sovereign.

“‘Breach of faith. The English have stipulated for payment in gold; if they are paid in silver they are aggrieved.’ This is a pitiful scruple. They would be aggrieved if a given sum in silver was worth less than the same sum in gold, but they are not if the two sums are exactly equivalent; and international bimetallism makes them equivalent.

“The French creditor has never troubled himself whether he would be paid in gold or silver; he has always been indifferent to the color of the metal. The English creditor will be so too.”

SEVENTH SESSION.

REVISED EDITION

SEVENTH SESSION.

TUESDAY *May* 17, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and Canada,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Spain,
Sweden and Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; with the exception of Mr. Dumas, the Delegate of France, who was detained at home by indisposition, and of Mr. Luzzatti, Delegate of Italy, who had been recalled to Rome by his Government.

The Session was opened at 2 P. M.

The Minutes of the previous Session were read and adopted.

Mr. SEISMIT-DODA, chief Delegate of Italy, laid on the table of the Conference a note designed to reply, at least partially, to the appeal for statistical information made by Mr. Cernuschi at the Fourth Session.¹

Mr. Cernuschi read a list of special questions addressed by him to the Delegates of Belgium.

It was agreed that this document should be printed and distributed.²

Mr. DANA HORTON also submitted the list of historical questions addressed to the English Delegates, which had been mentioned by him at a previous session. It was decided that this document should likewise be printed and distributed.³

The Delegate of Norway proposed to add to the statistical interrogatories framed by Mr. Cernuschi the following request for information :

"The Governments are solicited to furnish detailed information, going as far back as possible, and, if practicable, giving data year by year, concerning the gold and silver coins offered for exchange at the mints, with the designation of the number of coins, their name and origin."

It was agreed that this question should be printed and distributed.

The order of the day was the continuation of the general discussion.

Mr. HOWE, Delegate of the United States, pronounced (in English) the following address :

Mr. President—If the idea has obtained anywhere, or with any one, that the Government of the United States urges upon the nations a bimetallic coinage, in order to provide a market for its silver, I wish to say, with considerable emphasis, the idea is a mistaken one.

Silver is, indeed, produced in the United States, but not by the United States. The mines within her borders have yielded in the nine years from 1871 to 1879, inclusive, something less than two hundred and sixty-four millions dollars of silver. That is less than

¹ See Exhibit A, 283.

² See Exhibit B, 284.

Exhibit C, 286.

an annual yield of thirty-three millions. But the Government does not work or own those mines. They are as free to the enterprise of a European as to that of an American. It is doubtful if they are a source of national wealth. A few great bonanzas have been discovered, which yield large profits. But gentlemen, well informed, are of the opinion that, in the aggregate, more money has been invested in her silver mines than has been realized from them. Gentlemen, well informed, are not of the opinion that the Government of the United States is legislating or negotiating in the interest of those who own the bonanzas. Gentlemen, well informed, are of the opinion that the proprietors of the bonanzas can take care of themselves. Gentlemen, well informed, are of opinion that the wheat crop of a single State is worth more than the silver crop of all the States. When the Government wants silver for any purpose, it can always buy silver at the market price. It should not be forgotten that the Government of the United States has contracted debts to the amount of nearly two thousand millions. That is nearly equal to 60 years' product of our mines. The debts of the United States are payable in dollars. A dollar is a specific thing, accurately defined by statute. The weight and fineness are strictly limited. It may be made either of gold or of silver. If made of silver, it must contain $412\frac{1}{2}$ grains. If it weighs but 411 grains, it is not a dollar, and so is not deliverable. If, on the contrary, it weighs a pound, it is not a dollar, and so is not deliverable. Should the wisdom of the world combine to depreciate silver to 10 cents an ounce, there is no provision in our statute, and no clause in the contract requiring the Government to pay in gold dollars. I am not authorized to say the Government would elect to pay in gold dollars. I have, indeed, been told recently, by authority for which I have very high respect, that if the Government should choose to deliver silver at $412\frac{1}{2}$ grains to the dollar, it would be compelled to take silver from all the world at the same rate! That is not so writ in the bond. Should the learned doctors impose that condition upon us, we shall doubtless comply; but it is hardly probable they will impose it!

Our Government, therefore, has no call to bull the market for silver. Nor has that Government any occasion to be envious of the popularity of gold. In the same nine years the mines within her borders yielded \$55,000,000 more of gold than of silver.

It is not easy to depreciate one metal without appreciating the

other. Could statecraft discover some subtle alchemy which would transmute the silver of the world into dross to-morrow, I leave it to the economist to say how much less, or how much greater, would be the purchasing power of our annual gold products than is the power of both products now. But, whether greater or less, it must be conceded that the Government of the United States has no call to bull or bear the bullion market in either metal.

Other and greater interests concern that Government. Our people are farmers, not miners. They work a cheap and generous soil, under a genial climate. Our cotton crop in 1879 was valued at 242 million dollars. That is more than seven times the annual yield of our silver mines. The wheat crop for the same year was valued at 407 millions, which is more than twelve times the average silver crop. The maize was valued at 580 millions. That is more than eight times the average of a year's product of both metals, and almost eighteen times the average of a year's product of silver. The aggregate value of our agriculture for that year was computed at \$2,240,000,000 !

Doubtless, we are selfish, but not necessarily silly ; at least, not unnecessarily silly. Statesmen will be slow to believe the Government of the United States has turned its back upon these enormous interests, in order to storm European sentiment on behalf of that comparatively petty interest embarked in silver mining.

We do not seek a pinched market, pining for our so-called precious metals. We rather wish to find a busy and lusty world, to help consume the really precious fruits of our agriculture. We seek a thrifty world to pay for them.

It is the profound belief of that Government that no such world is possible if its money is to be limited to a single metal.

If, indeed, money had no other office but to measure values, and if the world had contracted no debts, perhaps it would not much matter whether one or both the metals were employed in coinage. Such is not our happy condition. On the contrary, debts have been contracted, public and private. The debts of the principal nations are returned at nearly thirty thousand millions of dollars.

It is of infinite concern that those debts shall be paid. They can only be paid by the sale of commodities. Commodities can be sold only at the market value. When those debts were contracted the value of commodities was measured by a money standard, which comprised both metals.

The money of the world is to-day bimetallic. True; but one metal is employed here and only the other there; but the great fact remains that both are employed somewhere.

Silver in India helps to sustain prices in England, while the gold in England performs the same office in India. To enforce the payment of existing indebtedness, after either of the metals shall have been abstracted from the standard of value, is an experiment which I ardently hope will not be attempted during my lifetime.

But money performs an office other and higher than that of measuring values. It is the great instrumentality by which commodities are exchanged. For that great office both the metals are inadequate. Ages of experience have proved that. Accordingly, we see to-day, in all great commercial countries, the coin circulation is supplemented by paper issues. In some, the amount of such issues is limited by the law of convertibility; in others, no such limit can be imposed. I do not now remember one truly commercial country which has not, in the course of a century, been forced upon paper issues, beyond the limit of convertibility.

The demand for circulation grows with the world's increasing trade. We are in no danger of inundation from the precious metals. Enormous lines of railways being unrolled upon both hemispheres, great fleets of steam-driven ships, traversing all our seas, reveal a commerce, gigantic to be sure, but it is young. It is substantially the growth of but little more than two decades. If statesmen of the present time do not strangle the future, this child of 20 years will prove the mother of a commerce which defies calculation, and appals prophecy. When we shall find a redundant coinage, it will not be caused by prolific mines, but by stagnant trade. And when trade is crippled, production halts. Men will not sweat to produce what they can not consume nor sell. And it is not to be forgotten that the demonetization of silver means the retirement of not only nearly half the world's coin circulation, but of more than half of its convertible paper issues. It means to double the weights of existing obligations, and to compress the world's activities into half their existing scope. It means to consign the nineteenth century to a pauper's grave, and to lay the heavy hand of paralysis on the cradle of the twentieth.

It is, therefore, gratifying to remember that every State represented in that Conference which assembled in this city in 1878, joined in the cry, "It is necessary to maintain in the world the

monetary functions of silver as well as those of gold." Such was the solemn judgment of that great assembly of notables. Germany was not represented in that Conference, but the sentiments avowed by an honorable Delegate here leave no room to doubt she would have concurred in that admonition had she been present. The Conference did not say it was expedient; they declared it necessary to maintain in the world the monetary functions of silver.

There is no need to say that so long as the world maintains the monetary functions of silver, as well as gold, the money of the world will be bimetallic, not monometallic. Monometallism, whether as a theory or a practical system, was condemned by the Conference of 1878. It was condemned, not only by the final judgment of the tribunal, in the resolution from which I have just quoted, but it was condemned by the timely and precious utterances of some Delegates supposed to be most favorable to a gold standard. Thus, Mr. Goschen, from England, held this energetic language, "I merely desired to combat the theory of the economists who demand the universal adoption of the single gold standard, a measure which, in my view, might be the cause of the greatest disaster. I maintain my assertions in this connection absolutely. I believe that it would be a great misfortune if a propaganda against silver should succeed, and I protest against the theory according to which this metal must be excluded from the monetary systems of the world."

On another day the same eminent authority said: "A campaign against silver would be extremely dangerous, *even for countries with a gold standard*," and on the same occasion he asked, with an energy quite justified by the importance of the question: "If all States should resolve on the adoption of a gold standard, would there be sufficient gold for the purpose, without a tremendous crisis?"

In the final report made by the English Delegates to the Lords Commissioners of the Treasury, they commended their own labors in that Conference in these words: "We trust we may be considered to have made some contributions towards averting what might be a suicidal tendency in several quarters to hasten the disuse of silver as currency."

These eminent gentlemen spoke too timidly of their own merits. They spoke, too, tenderly of that fatal tendency which they combatted. If that tendency was suicidal, why not murderous also? If it would be fatal to the commercial life of Germany or

of the United States to hasten the disuse of silver, why not fatal to the commercial life of Great Britain also? "A campaign against silver," said Mr. Goschen, "would be extremely dangerous, even for countries with a gold standard." The earnest protests of the British Delegates not only "contributed to arrest" that campaign, they arrested it. The whole armament was disbanded.

I do not forget that Mr. Goschen emphatically declared it would be impossible for him and his colleagues "to support any declaration in favor of a double standard."

To be sure not! Bimetallism is a name. The British Delegates disowned it. What they stoutly insisted upon was *not a bimetallic standard*, but a standard comprising *two metals*.

England said, in 1878, what she had said for more than 50 years: *We will not maintain the monetary functions of silver in the kingdom; but she said, with great emphasis, those functions must be maintained in the world.*

This last sentiment was echoed by the whole Conference. Monometallism was condemned by the unanimous verdict of that Conference.

But, if it be truly necessary that the monetary functions of silver, as well as those of gold, should be maintained, it seems quite rational to conclude some one must maintain them.

Who shall assume the duty of maintaining silver, and who shall maintain gold?

The favorite method of meeting the necessity seems to be to divide the two metals among the nations; assigning silver to this and gold to that; to make partition of the standard of value.

We read of a conclave of statesmen who, some centuries ago, sat down to make partition of Christ's raiment.

However equitably the parcels were distributed, we may be sure the integrity of the suit was destroyed.

And, however fairly these two metals may be divided between the nations, it is quite certain the integrity of the standard of value will be destroyed.

I think I might say, without danger of contradiction from any lawyer here, that a common standard of value is not the subject of partition; that the nations hold it, not as tenants in common, but as joint tenants.

I waive that suggestion. We know, the world knows, to its cost, that the *two metals* can be divided, whatever may become of the standard of value.

Very well; let us proceed to the division. Having resolved that the world must have both metals, and that no country ought to attempt to maintain both, let us abandon the attempt to form a bimetallic union, and resolve ourselves into a commission for actual partition. To whom, then, shall we assign silver; to whom gold? The professors of monetary science tell us there is a scientific principle upon which the partition may be made. Unhappily, they do not agree as to that principle. In one school, we are taught that gold should be maintained by the rich nations, and silver by the poor. In another, we are taught that gold should be assigned to the Western nations, and silver to the Eastern. Either principle, in application, would lead to awkward results. This Conference would probably have too much regard for economic truth to assign Germany, Holland, Italy, France and the United States to the category of poor nations, and surely too much regard to geographical truth to assign either to the category of Eastern nations. Either principle, therefore, would require those five States to throw down the silver standard and take up the gold standard. Any gentleman can calculate for himself what a supply of silver would thereby be thrown upon the market, and what a demand for gold would be made upon it. Under such a movement the question of Mr. Goschen recurs with portentous significance, can the gold be had without a *tremendous crisis*? The Conference of 1878 wisely, as I must think, declined the work of actual partition. It affirmed the necessity for maintaining the monetary functions of silver as well as those of gold, but left the duty of maintaining either to volunteers. Their language was: "The selection for use of one or the other of these two metals, or of both simultaneously, should be governed by the special situation of each State or group of States." That system has been tried, and has signally failed. The volunteers do use silver, but do not maintain its monetary functions. It is the function of money to measure and to determine values. Silver, as employed by the volunteers, does not determine values; on the contrary, it confuses values; it confounds them. It is self-contradictory; it reports one thing on one day, and another thing on the day following. Such is the situation, as I understand it, with which we are confronted. Silver must be maintained in the standard of values. Left to the voluntary choice of nations, it is not so maintained. We have no common parliament empowered to say who must and who need not maintain it. What shall be done?

The Government of the United States steps forward to say

frankly and in good faith: We recognize the common necessity affirmed by the Conference of 1878; we are ready to do our full share to meet it; we will stand side by side with other States represented here, in maintaining the monetary functions of both metals; we will concert with you the proper relations between the two; we will open our mints to the coinage of both upon such rates as we shall together deem just, and upon that ratio we will hold each to be the peer of the other in all our trade, domestic and foreign. If any fairer way of meeting this acknowledged necessity exists, I have not heard of it, and I can not conceive it.

And now, for a moment, let me consider the objections urged against this way. I shall do the cause of the remonstrants no injustice if I assume that no serious defect is likely to be found in our plan which has not been revealed by the very able Delegate from Belgium. I have tried to comprehend his argument as well as I could by the aid of a very diligent and, I hope, faithful translation. What is the argument? First, he assures us, we have aggravated the nature of the malady to be treated, and wholly mistaken its locality. He has been through the hospital with evident care. He divides the patients into three groups: consisting, first, of the gold standard States; second, of the paper money States; and third, of the States having really a gold standard, but pieced out with bimetallic rags! The first group, he assures us, are well; never better. The second, though ailing, he argues plausibly, would not be benefited by our prescription of a two-metal standard, because, at present, they can keep neither metal on their stomachs. The third group he admits to be feeble, even crippled; but, if worth treating at all, are not to be benefited by the treatment proposed, but only injured thereby.

Accepting, for the moment, that report of the condition of the hospital, I respectfully submit, it is not well for the family of States, not even for those favored members who now lie in the middle of the bed, warm and dewy, under the protecting folds of that blanket which is supposed to be woven from the golden fleece, when so many of their sisters lie uncovered, freezing and stiffening by their side. Sooner or later, the death damps must penetrate to the very center of the couch.

But, sir, has not the honorable Delegate himself fatally mistaken, not only the nature of the malady, but the location of it? To me, it seems a disease not peculiar to this State or that, to this organization, or the other. It seems to me, rather, a disease which has

fastened upon an interest, or, if you please, an industry, common to all States.

What is the disease? It is not that 10 Indian rupees are not equal to an English sovereign. It is not that $15\frac{1}{2}$ ounces of silver, of the French or American standard, will not buy an ounce of gold in the London market. The trade of the world would readily adjust itself to any given ratio between the two metals, if that ratio could be once fixed. The difficulty is, the ratio is not fixed. It is oscillating; it is sensitive; it is influenced, not merely by the acts, but by the threats, of every State. Look at the facts.

That ratio fluctuated, during the year 1878, between 17.14 to 1, and 19 to 1. In 1877, the vibrations were less. In 1876, they were much greater. According to the Director of the United States Mint, the relative value at London, in January, was 16.10 to 1; and, in July following, it was 19.48 to 1. Such a vibration must make trade giddy. Other authorities make the oscillation still greater. But, we are told, if silver went down, gold went up; and how does that hurt the gold States? Considered merely as owners of coin, that did not hurt them at all. But, in the next six months, the rates flew from 19.48 to 1 to 16.50 to 1! How did the gold owners enjoy that?

That is, however, a very narrow view to take of the subject. We must not forget that it was the standard by which commodities are valued which underwent such violent oscillations. If quantity is to be measured by a standard which alternately expands and contracts, what matter who holds the standard at any given point of time. The great point is to sell when the measure is smallest, and to buy when it is largest. The standard of value is not applied in the same way as the standard of measure; and so it is true that oscillations in the former do affect him who holds the standard, as well as all who buy and sell according to it. We must remember that the States whose representatives deliberate here, conduct an enormous exchange of commodities in the course of a year. The year-book returns their aggregate exports for the year 1878 at 771,245,699 pounds sterling, and their imports at 929,140,677 pounds. The statement is avowedly but quite partial as to five of the countries. We are, therefore, forced to conclude that our common constituents bought and sold, during the year 1876, commodities to the aggregate value of nearly 2,000,000,000 pounds sterling; valued by a standard composed of two metals, one of which fell, during the first six months of the year, from 16.10 to 19.48 to 1,

and, during the last six months, swung nearly the whole way back again.

Only he who knows that the merchants of his country always bought when the standard of value of shortest, and always sold when it was longest, can say, with confidence, that his countrymen were always happy; and the man who knows that, is *not* a Delegate here.

I protest I have no wish to propagate hypochondria in this assembly, and yet I can not quite accept the clean bill of health given by the honorable Delegate from Belgium to the so-called gold standard States.

I think it safer to conclude, with Mr. Goschen, that whatever policy depreciates silver does menace the gold States. I can not avoid the conclusion that, whenever you tamper with the standard of value, you do menace every State and every human being who uses it.

I, therefore, recommend bimetallism, not as specially needed by one State or another, but as essential to the integrity of that standard by which you determine the value of every commodity which the world buys or sells.

Still, we are cautioned against the prescription. We are told bimetallism will knock away the bulkheads which now confine silver to a part of the world, and will inundate the whole world; that upon States which now have too much silver, it will pour more, and upon States which have none, it will pour too much.

We are even amused with the conceit that France and the United States are conspiring for a bimetallic union, each chuckling over the idea that it will, by its aid, unload its silver upon the other. We are encouraged to believe that, as soon as a common rate has been established for silver in all markets, cargoes of five-franc pieces will leave Havre to be coined into dollars by the United States, and cargoes of dollars will leave New York to be coined into five-franc pieces by France! We are even startled with the idea that, so soon as all the sovereignties represented here have decreed a common par between gold and silver throughout their dominions, Indian rupees will put on their boots and start for Liverpool, while British sovereigns will take wing for Calcutta! I disbelieve all such transmigration. I doubt the practicability of creating a brisk trade between markets remote from each other by exchanging things which have precisely the same office, and the same value in both?

But why endeavor to fix a par between silver and gold? we are

asked. It can only be done by pulling down gold as much as we elevate silver. Precisely. The object is to unite them both in one standard. If you were to sever a muscle of your leg and send for a surgeon to close it, you would hardly expect him to object that it could only be done by drawing down the upper section as much as the lower one was elevated! The point is to have them unite.

The same general idea found expression by the honorable Delegate from Belgium, when he said, in 1878: "You do not facilitate transportation when you lash a fast boat to a slow one; you retard one as much as you accelerate the other."

Beyond all question. But if your freight consists of a single parcel which can not be loaded on one boat, can you contrive a better expedient than to lash the boats together? A commerce of enormous bulk is embarked upon these two metals. When a seam opens between them, fortunes disappear. Is it not better to lash them together?

But, we are told, they can not be lashed together; that the laws of trade defy political regulations, and that whatever States may decree, only intrinsic value can give authority to money.

All history refutes this assumption, but let it be conceded; has not utility some authority over intrinsic value? And what, besides air and water, is more useful than money, with which all debts may be discharged, all injuries redressed, and all things which move in the air or on the earth, or through the waters under the earth, may be bought and sold? When Europe and America shall have combined to confer this universal, incessant, imperious utility alike upon two coins, the broker will as soon think of asking boot when swapping pins, as of earning commissions by the exchange of those coins.

The only argument I find it hard to combat is that with which the honorable Delegate opened his speech. The confidence with which he foretold the defeat of bimetallism was depressing to us, who had hoped for a better result. It must fail, he concludes, because Germany, Belgium, Great Britain, and the Scandinavian States will not accept it.

Very well: I conclude, with Lady Macbeth, that "if we fail, we fail." But, in view of recent history, one who ventures upon the domain of prophecy should move with caution. Only 14 years ago a Conference assembled in this city, representing 19 States, including France and the United States, unanimously recommended the universal adoption of a gold standard. Only three years ago another Conference, with equal unanimity, resolved that the monetary

functions of both metals *must be* maintained. All we have surely learned since is, that the plan proposed by that Conference for maintaining the functions of both is abortive. It is evident that the next thing to be tried is, in the language of the circus, "something else."

In this connection, it is important to remember that the plan now proposed is, that of a union upon perfectly equal terms. I venture to predict we shall have that or nothing.

I have listened with interest, but wholly without sympathy, to the various suggestions which have been offered for the relief of the silver market. I heard the candid statement made by the honorable Delegate from Germany, in the opening of these deliberations, to the effect that the Empire will proceed with caution in making future sales of her silver, and may possibly be willing to coin a few more discredited millions. I heard the encouraging suggestion of M. Pirmez that, when Italy shall resume specie payments, we, who are limping with an excess of silver, may shove some five-franc pieces on to her. I listened to the flattering idea of Dr. Broch, that we may be able to stack up more millions in India and the East. I have even heard it whispered that, rather than see us poor cripples actually sink, some of the gold standard States might, in some generous Christian mood, consent to carry a little more of this leprous silver. It is all very kindly meant, but I respectfully submit it is a mistaken kindness. Let me repeat once more: the United States Government does not seek a better market for a depreciated coin. Its purpose is to reform your standard of value by extirpating from it all depreciated coins. We do not wish to load any of our sister States; we wish rather to unload them all. We invite you to a union which will eradicate depreciated coin from our monetary system. If you can not accept our invitation, do not seduce us into a union to perpetuate the reign of such coin.

Mr. President—The people who sent us here have sought a stable standard of value with great diligence. To them it is of the first importance. They are farmers, not traders. Seventy-six per cent. of their annual earnings are from the soil. They have but one seed time and one harvest. If it be important to the British merchant that the standard of value should not change while his cargo is going from Liverpool to Brazil, much more is it important to the farmers of the United States, who, in the spring time, invest a thousand million in one venture, that the standard of value

does not decline before they have gathered and marketed their harvest.

Sir—I fear Europe does not remember through what sacrifices our people have sought stability for that standard which measures the cost of every planting, and the value of every crop. Let me remind you. Less than 20 years ago our people were doing business with a paper circulation, depreciated until three dollars would but little more than purchase one of coin. You remember to what a dizzy height prices mounted. Enormous taxes were levied upon the people annually. Our interest account rose to more than 143 million dollars a year. Our pension list is more than 40 millions. Since the war closed, in 1865, our annual taxes have defrayed our annual expenditures, and have, besides, paid off more than 800 million dollars of the national debt, and during all that time prices have been subjected to that remorseless compression which results from steady contraction of the circulation.

No man has bought who did not know he would sell to a shrunken market. No man has planted who did not know that the standard which measured the cost of his seed and his labor would by no means be accepted to measure the value of his crop. We have trod the wine-press. We hoped we had achieved the victory. Neither Treasury nor bank has a note on the market which will not command coin on presentation.

Still we have not found the stable standard which we sought. It no longer oscillates from the presence of a depreciated paper, but from the presence of a depreciated coin.

If, as is so confidently predicted, we are to leave this Conference crowned with defeat, it is not for me to say what course our people will take, for I do not know. It is hardly probable, a people who have endured so long will faint so near the end. They have fondly hoped, with the aid of their sister States, to forge a single standard from a double coinage. If that aid is denied, they may possibly persist in the effort alone to hold the two metals in equipoise, while half the States are jumping on one and half on the other. But that is very difficult; and if you persuade them at last that they must surrender one metal, and that the only blanket which can give warmth is the golden one, they may conclude to throw away all bimetallic rags and seek for a part of that blanket.

I know quite well, that the only condition upon which we can hope to share that blanket is that we sell to the world more than we buy from it; and I know, as Mr. Pirmez has reminded us, how delusive these reported balances of trade may be. But our people

produce food, and food is a prime necessity to all industry. We shall, therefore, hope to continue to trade with the world upon *some* terms; and, besides, when I learn that during the last fiscal year the deposits of gold at the mints and assay offices of the United States included not only thirty-five millions of domestic production, but 62,550,837 dollars of foreign coin and bullion, I am persuaded that what *we* call the balance of trade is something better than a delusion.

The chief DELEGATE OF THE NETHERLANDS spoke as follows:

Mr. President, and Delegates,—It is not without a certain hesitation that I rise to speak. One of the illustrious *savants* of France, whom I have had the honor for a number of years of knowing personally, and whose words are always listened to with respect, even by those who do not share his opinion, Mr. de Parieu, said, recently, in the Senate, “when the Minister (the honorable President of our Conference) in recording with optimism the list of conversions to the double standard which he hoped for includes the honorable Mr. Frère Orban, I can reply that I think that eminent financier too enlightened to be placed on that list, and, as for myself, I beg him not to include me.” Well, gentlemen, notwithstanding this far from flattering judgment expressed by Mr. de Parieu on the conversions to bimetallism, I do not hesitate to avow that I am among the number of the converts. Not wishing to abuse your valuable time, I will give you as succinct an account as possible of the phases through which the monetary system has passed in our country, of the process through which we at last arrived at bimetallism.

For more than 40 years I have been interested in the monetary question; allow me, therefore, rapidly to go through the phases which we have traversed.

When the United Provinces of the Netherlands and Belgium were united under a single scepter, both countries had a great variety of coins, for formerly nearly every Province claimed a right of coining money. A monetary law was passed in 1816 under King William the First. Its object was to arrive at a currency having the old florin, called the florin of 200 *as*, as the unit. But, at the same time, a gold piece of 10 florins was allowed. The florin consisted of 9.613 grammes of silver. The 10-florin piece contained 6.056 grammes of gold. The ratio was 1 to 15.873. It is to be regretted that it was then decided to take another ratio than that of $15\frac{1}{2}$, which existed in France. Moreover, to respond to the desire of the inhabitants of Belgium, the franc was accepted in the public

treasuries, but at too high a rate. It was accepted at $47\frac{1}{2}$ cents, whereas it was only worth 46.8 cents. The result, as our honorable colleague, Mr. Pirmez, has remarked, was, that the new 3-florin pieces on leaving the Brussels' Mint went to the Lille Mint to come back in the shape of 5-franc pieces.

The law was languidly carried out; for the greater part gold pieces were coined, and in proportion as gold was coined it became more and more difficult to coin silver. Then came the political events of 1830, the separation of Belgium from Holland, war expenditures and financial difficulties. Not till 1844 was the recoinage of the old money seriously undertaken and vigorously carried out.

The monetary law had already been altered in 1839. Side by side with the worn silver coins there were 5 or 10-florin gold pieces which had been coined to the amount of $172\frac{1}{2}$ millions of florins. The worn and clipped silver coins not being available for international transactions, gold formed the basis of exchange. This was regulated not by the florin, but by a tenth of the 10-florin gold piece. All difficulties, it was thought, could be obviated by adopting a florin of exactly 10 grammes weight corresponding to the decimal metric system we had already long adopted, and .945 fine. As long as the gold coins remained in circulation, and they were of great use while the recoinage was going on, there was thus a bi-metallism with the ratio of 1 to 15.504. From 1842 to 1849 more than $85\frac{1}{4}$ millions of florins in nominal value were called in, and were recoinage in new silver pieces. This operation cost the State eight millions of florins, more than seven millions being a loss on the nominal value of the old, worn, and to a large extent, shamefully clipped coins, the work of ignoble hirelings.

Before actively commencing the recoinage of our old money the question had been maturely considered whether the gold standard should be adopted, or the silver standard, while retaining gold till the end of the recoinage in order to facilitate that important operation. Silver was resolved on. For more than a century and a half the florin had been the unit of all transactions. Objection was felt to a unit which could not be paid except in small change. I have always thought there was something very factitious in the gold standard for States whose monetary unit can not be paid in gold. Only in England can the unit be paid in gold. In other States a gold piece weighing 0.673 grammes (florin) can not, any more than a piece of 0.3225 gr. (franc) or 0.398 gr. (mark) be manufactured on a large scale or serve as currency. Every citizen

would need to be provided with a magnifying glass to examine it, and with very delicate hands to handle it. On this point it is unquestionable that, with the exception of England, the gold standard has something factitious, I may almost say unnatural, which has not, perhaps, been sufficiently considered.

To revert to our recoinage, I repeat that our decision was in favor of silver, because it best corresponded to the extent of our wealth and to our average requirements; to which, for example, is to be attributed the fact which my honorable colleague has mentioned, namely, that our farming population object to gold because they can not use it in paying their laborers. Silver was deemed to correspond best to our manners and customs, with the tenor of all contracts, and it would not expose our currency to the dangers which every prudent ruler must admit to be more particularly attached to gold.

The management of our greatest institution of credit, the Netherlands Bank, also declared against gold; first, on account of the necessity of joining to it silver money of an intrinsic value below its nominal value, and the necessary quantity of which might far exceed the estimates made beforehand; and, secondly, because gold, on account of its greater variability of value (this was said in 1845), and of its easy transfer from place to place, must necessarily give rise to more frequent oscillations in the rate of stocks.

In proportion as the recoinage advanced, attention was devoted to the necessity of instituting the single standard. By the law of the 26th September, 1847, the system of the single silver standard was adopted. I dwell on this date because it will be seen that our monetary legislation preceded the discovery of the gold placers in California and Australia. I am anxious to show that it was not a fear of the depreciation of gold, or, as Mr. Léon Faucher expressed it, the "insurrection of fear," which served as our motive. It was the pure and simple result of what experience had taught us. The single silver standard having been legally proclaimed, it remained to give all the inhabitants of the kingdom an opportunity of getting rid of their gold.

That opportunity was given them in June, 1850. A total of 50 millions, not reaching one-third of the gold pieces which had been coined, was offered by the public. It was sold in 1850 and 1851, by the Government, which thereby lost rather more than a million. Altogether, the Netherlands did not hesitate to sacrifice more than 10 millions of florins, in order to withdraw all the old silver money, replace it by new, and, by the demonetization of gold, to attain the

silver standard. Before leaving this subject, allow me to tell you that the above-mentioned law of September, 1847, admitted trade coins in gold by the side of the legal silver coins and fractional money. Besides the ducats, which are still in demand from time to time, there were *guillaumes d'or*, with double and half *guillaumes*. These pieces were inscribed only with the weight and fineness. Now, this system may be said to have completely failed. Thus, though the gold *guillaume* was coined of the same weight and fineness as the old 10-florin piece, which was much in request, people would not have it. The uncertainty of its value made the piece unpopular. During the years 1851 and 1853, only 10,000 *guillaumes*, 10,000 half *guillaumes*, and 2,636 double *guillaumes* were coined, and since 1853, not a single one has been coined. I thought it was not unprofitable to direct your attention to this point. From time to time, this idea of ingot-money finds champions. Put in practice with us, nobody would have it, and the case would probably be the same every-where else.

Let us revert to the monetary system of the Netherlands, in the organization of which I took a very active part under Baron Van Hall's ministry, and that of his successor. You will easily understand that we silver unimetallists felt quite comfortable when, the demonetization of gold being completed, the California and Australia discoveries gave rise to great apprehensions, and created fears of a probable fall in the value of gold. As to our currency, we felt ourselves well off in the best of all possible worlds.

The price of silver remained stationary for large transactions until 1872. Only in small transactions did it offer, from time to time, some slight fluctuations.

With us, gold and silver are always sold by reckoning the price of the pure metal, not the price of metal of a certain fineness.

As I have the honor of telling you, our legal coins are .945 fine, so that, with a kilogramme of fine silver, 105 florins 82 cents can be manufactured in florins or half florins.

Well, gentlemen, from the time of the law of 1847 down to 1872—that is to say, during twenty-five years, everybody was invariably able to sell his silver to the Netherlands Bank at the price of 104 florins 65 cents. That institution invariably, therefore, retained 1 florin 17 cents, for cost of coinage, transportation, interest, etc. Bear in mind, too, the price of silver at Amsterdam did not change, and was in no way affected by the production of the mines, which underwent such considerable oscillations in various years, between 1850 and 1871, varying from 742,000 to 1,152,800, or nearly

70 per cent. If this experience is considered, can it be denied that law has a preponderating influence over the price of metals, and that production and demand do not alone govern it.

The agreeable repose which Holland enjoyed was seriously disturbed when Germany changed her monetary system, and adopted gold as her sole standard.

A commission was appointed (I had the honor of being a member) to advise what was to be done in these circumstances. It proposed to prohibit the free mintage of silver, and this was done by the law of the 21st May, 1873. As long as there was still a hope of Germany keeping to bimetallism, the commission merely proposed to coin a gold piece side by side with the silver money.

When Germany adopted the single gold standard the Commission proposed to do the same, but this idea did not prevail in the States General, so that we have now a gold piece with free mintage, side by side with silver pieces, whose mintage is still prohibited, but gold pieces and silver pieces are unlimited legal tender. We have, therefore, what it has been agreed to call the limping system.

Is it desirable to remain there? Nobody thinks so. If the coinage of various pieces of the same weight, which should circulate in a considerable group of States, is ever affected, it will be the 25-franc piece which will be especially aimed at. Our 10-florin piece contains 6,045 grains of fine gold. If the 25-franc piece is ever coined, a 12-florin piece may be coined by us, containing exactly the same quantity of gold as the 25-franc piece.

You see, then, that the Netherlands like to share in all measures which, without injuring their own nationality, may serve to bring together the various nations.

Allow me to tell you that, when the coinage of the new gold piece began, and more than 74 millions of florins have already been manufactured, the price of gold acquired nearly the same stability as that of silver during the preceding period.

The conclusion to be drawn from these two facts is obvious enough.

This, gentlemen, is, therefore, the way by which, after having been more than a quarter of a century an avowed partisan of uni-metallism, I have arrived, by the force of circumstances, at declaring myself a bimetallist, but on the express condition of this system being adopted and put in operation by a considerable group of States. Every body is agreed that the depreciation and the oscillation in value of silver are a great misfortune for commerce, industry, and the welfare of all nations.

But there is no agreement as to the means of remedying this evil. Bimetallists offer a remedy—a remedy, in my opinion, effective, and, at the present time, the only practicable one.

Unimetallists offer no remedy for overcoming, or even for mitigating the existing evil, the fall of silver. Of all the ardent champions of gold, I have not heard one tell us what must be done with all this silver which will become useless. Is the thing so immaterial? I do not think so.

I render homage to the German Government, which, without abandoning the gold standard, is willing to take certain engagements which, perhaps, would serve to arrest the fall in the price of silver. It is a step which unimetallism makes towards us, and the importance of which must not be disregarded.

Gentlemen, there are sonorous phrases which people like to repeat, and which, eventually, everybody repeats, without considering whether they are true or not.

Among these phrases I reckon this, that gold should be the standard of the most civilized nations, and silver that of the more or less barbarous nations. Others have said that gold was for Western nations, silver for Eastern ones. People have even gone the length of saying that nations with paper money could resume specie payments only in gold, lest they should be twitted with belonging to the less civilized nations. I regard this doctrine as thoroughly fallacious.

Gold serves for paying large sums, it serves for international transactions; silver serves for small payments. I consider it very natural that all those for whom gold is not a chimera, prefer filling their purses with gold pieces, and not with 5-franc crowns. I even confess that I share their preference.

But I beg them to visit the markets, bakers' shops, and wine shops, to see whether silver does not hold a very large place in all the daily transactions of at least nineteen-twentieths of the population.

Is it prudent to have only fractional money for all these payments? And is it not better, alongside gold for large outlays, to have legal silver for the small ones, than to have only fractional money for all payments which can not be made in gold?

If, after having long deliberated, and listened to speeches whose eloquence has justly excited our admiration, this Conference led to nothing, as many economists of repute have been pleased to predict, what would be the result for silver? Clearly, its value would

be still further depreciated, and all the present sufferings deplorably aggravated.

I have sometimes feared that our honorable American colleagues, returning home under the impression that Europe will do nothing to rehabilitate silver, would advise their Government to adopt the gold standard. Would Prince Bismarck's famous blanket thus become larger, or would the efforts to get covered by it increase in a not very agreeable way for those who are now asleep under that blanket?

But, on this point, I am fully re-assured by the important speech of Mr. Howe, which we have just heard.

I sum up. In my conviction, the replies to our *Questionnaire* can not be doubtful.

The diminution in the value of silver and its great oscillations are a misfortune for all the world. These phenomena can not be attributed to the increased production of silver; they are the results, predicted as early as 1873 by our Monetary Commission, of the various legislative measures which have followed each other since 1872.

According to my profound conviction, there is but a single remedy. It is the adoption of bimetallism by a considerable group of States. That is the conviction which has converted me to bimetallism. I have come here, gentlemen, with the optimist hope that this Conference would lead to a result conformable with the object proposed by the States which invited us to take part in it. If, when we resume our labors after our adjournment, which seems to be desired by many Delegates, we attain a result which shall restore to silver the place it has so long occupied in all monetary transactions, I think, gentlemen, we shall have deserved well of commerce, industry, and the welfare of all mankind.

SIR LOUIS MALLET, first Delegate of British India, read the following address:

Mr. President, and Gentlemen:—I ask leave to add a few observations to the general discussion of the question which is occupying our attention before the close of the sitting, in order to explain to the Conference the position which the Government of India, whose representative I am, occupies with regard to the proposals of the two Governments who have assembled the Conference.

The position which my colleague and myself occupy here, is altogether exceptional. The Government of India is not even

invited to join the Bimetallic Union which has been proposed. On the contrary, if I am correctly informed, all that is expected of us, so long as England stands aloof, which, from the commencement of the negotiations, was well known to every body, is to make no change in the existing monetary system of the Indian Empire.

We are authorized to respond to this desire to the following extent; that is to say, that, during a certain definite period, the duration of which will be settled by further negotiation, the Indian Government would engage to maintain its existing system of the free coinage of silver having full legal tender faculty throughout the Indian possessions of Her Majesty.

But I must add, that we can only bind ourselves in so absolute a manner on condition that a certain number of the principal States of the world engage, on their part, to maintain within their territories, during the same period, the free coinage of silver, with full legal tender faculty, in the proportion of $15\frac{1}{2}$ parts of silver to one of gold; and our engagements would only remain in force during the maintenance of this state of things.

Our position is also exceptional from another point of view. No country in the world has done so much, in the years which have just elapsed, to maintain the value of silver, and to prevent its very serious depreciation increasing.

The following amounts of silver money, for example, have been coined in British India in the years—

1877.....	£6,271,000
1878.....	16,180,000
1879.....	7,210,000

and I am told, though I can not guarantee the accuracy of the figures, that, in the year 1880, we have coined nearly 10,000,000*l*.

For the depreciation itself, and for the serious consequences which have resulted from it, the Government of India is in no way responsible. It has been, if I may say so, the victim of the policy of others. We are, then, not only ready to lend our aid to others in their endeavors to maintain the value of silver, but we have, I think, in a certain sense, a right to claim it from them.

In the short space of fifteen years, three International Conferences, on the monetary question, have been held in Paris.

The first, as you are aware, gentlemen, came to the almost unanimous conclusion that the basis of any future international concert in monetary matters must be sought in the gold standard, with silver as its occasional companion when required.

Some important countries having, in consequence of this opinion, taking steps to demonetize silver, the depreciation of this metal ensued; and the injurious result of this state of things have been so generally admitted that the majority of the States who were represented at the last Conference, in 1878, declared their opinion that it was necessary to maintain, in the world, the monetary functions of silver as well as of gold, in the hope, it is to be supposed, that the selection of one or other of the two metals, or their simultaneous employment, could be left, without inconvenience, to the independent judgment of each State or group of States. This was to ordain the one-legged standard!

As far as we can judge at present, this solution has not had very great success.

The evil continues. Silver continues to be seriously depreciated; and those who, like the Governments of France and the United States, see in this depreciation a source of danger for the future, thought it desirable to assemble a third Conference, in order to discover a new solution.

But it would appear, that even in this Assembly, there are those who do not believe in the existence of the evil, who go so far as to deny it. If there is no evil, if there is nothing to remedy, it is certainly idle and useless to discuss the question of what remedy to use. But, as representing the Government of India, I can not concur in such a view.

We, gentlemen, the Government which I represent, believe that there is an evil, an evil very serious at present, and still more serious in the future; and I would ask permission to explain to you, in a few words, wherein it consists from the Indian point of view.

The Government of India has to pay in London about 15 millions sterling in gold. The greater part of this annual charge is compulsory and permanent. Such is their interest of the Indian debt contracted in gold, and of the loans guaranteed by the railway and canal companies (amounting to about seven millions sterling), the pensions and annuities paid to retired officers of the Government, both civil and military, and to their families (about 2½ millions sterling); that portion of the military expenditure which relates to pay and commissariat, and the greater part of the expenses of the Treasury at home. These expenses are fixed by contract or by honorable engagement, and can not be reduced at will. Any change, therefore, in the normal value of the relation between gold and silver must exercise an important influence on the finances of the Indian Empire; and if this disturbance were likely to be

prolonged for any considerable time, it would be the duty of the Government either to increase its revenue or to reduce its expenditure, or, perhaps, to have recourse to both of these expedients at once, in order to restore the financial equilibrium.

We have then, first of all, the loss sustained by the Government, which, however, is not of the nature which Mr. Pirmez supposes, but which consists in its remittances of silver to England, in order to liquidate expenditures incurred at home. In the present year these remittances will amount to about 17,000,000*l.*; and the loss actually resulting from the depreciation of the silver is estimated at more than 2,000,000*l.*, a loss which has been exceeded in previous years.

It may be replied, that what the Treasury loses the population gains, and that it could very well support an increase in taxation in order to compensate the Government. But it must be remembered that this line of argument ignores completely the conditions in which the Government of India is placed. A considerable portion of its income can not be increased; I refer to the land revenue, because in Bengal it is fixed in perpetuity, and in other Provinces for long periods.

Besides, although we may, no doubt, look forward to the future to some re-arrangement of taxation, when the depreciation of the coinage has produced its effect in the general rise of prices, and particularly in that of labor, we must wait a long time for that, and, meanwhile, it would be impossible, without serious political danger, to propose new taxes, for reasons which the mass of the people would not be able to understand.

But it is not only the actual loss which we have to think about; it is the absolute uncertainty which hangs about the future, and which prevents any serious or accurate calculation of the revenue and resources of Government.

Lastly, there is the loss which is sustained by trade. Mr. Pirmez takes small account of the interests of trade in this question. I am quite unable to share his opinion. During the last two years, I have had too many proofs that these interests have been seriously affected and injured, in consequence of the depreciation, to doubt the reality of the losses incurred.

It is no doubt true that when trade has been able to adapt itself to an alteration in the relative value of the standards of the two countries, if this alteration was of a permanent character and took place once for all, the evil would cease. But, gentlemen, this is not the case. The future is as uncertain as the present in the ex-

isting state of things; and it is this uncertainty which impedes and prevents trade.

For each commercial operation two calculations are necessary. The price of goods must first be calculated in gold, and then the price of gold in silver; and for the latter there is no basis on which to go. It is just as if one had to buy cotton with gold in order to be in a position to buy wheat with the cotton. In fact, it is nothing but a kind of primitive barter, worthy only of an early civilization. In my opinion, then, trade sustains an evil, and a very serious one.

Finally, there is the loss sustained by all those, and particularly the natives, who have hoarded silver as treasure, and have thus lost 20 per cent. of their capital.

Looking at the matter from a more general point of view, I can not understand how this question can be considered of secondary importance.

Admitting that stability of value is by far the most necessary attribute of money, it can not, I think, be contested that a bimetallic standard is less subject to sudden changes in value than a monometallic standard. But, failing absolute stability, which is, after all, impossible in the economic world, it must not be forgotten that there is a great difference between an appreciating standard and a depreciating standard. An appreciating standard means want of a sufficient basis for the ever-increasing necessities of exchange, and for the general credit; in other words, it is stagnation of business, fall of prices, discouragement of industry and the spirit of enterprise, anxiety, suffering, crisis, a fatal retrogression and decadence in the material prosperity of the people. On the other hand, a depreciating standard means, at any rate, whatever its inconveniences, and, sometimes even its dangers, activity, confidence, incessant search for new fields for capital; in a word, progress and life.

When we consider, gentlemen, the age in which we live; the immense movement, both industrial and intellectual, by which we are carried along, new means of communication by land and sea, electricity, which converts the whole world into a single market, the irresistible tendency among nations towards unity, can we doubt that an international standard, sufficient in quantity and stable in character, as the basis of all our transactions, and all the exchanges which multiply day by day under our eyes, is an imperious and capital necessity for the civilization and the welfare of all the people of the earth?

What is our position, gentlemen? The annual production of the two metals is already barely sufficient. It is, then, obvious that gold alone would be still less sufficient; especially when we remember that there is already a sensible reduction in its annual production.

On the other hand, the need of money, especially if it were invested universally with the legal-tender faculty, increases, and will increase still more rapidly.

There are countries which would wish to revert to a metallic currency, or which are already preparing for it—Italy, Austria, and Russia. There are others, like Germany, Spain, and even the United States, which has not got the quantity generally recognized as necessary. There is the increase of population and of transactions, especially in those countries which produce gold; in short, there is material and intellectual progress in all countries. Is it not reasonable to conclude, from all this, that we should be wise to prepare ourselves for the future in store for us, and to discover, if possible, an international standard, more extended and more durable, for the development of the commerce of the world?

The Government of India, at any rate, is very sensible of the inconveniences and the dangers which are caused by the existing monetary condition of the world; and it will appreciate very highly the efforts made by the Governments who have assembled the Conference, if they find themselves in a position to do something to remedy this state of things. At all events, it is an effort which ought to be made in the general interest. We have heard of a national selfishness, which, from a certain point of view, may be regarded as a patriotic virtue; but, in the question in which we are occupied at this moment, it is incontestible that an enlightened national selfishness is identical with true international interests.

In the name of my Government, then, I thank the two Governments who have initiated proposals with such objects in view.

The solution which has been suggested for our consideration is bimetallism. As regards the scientific basis in which this solution is founded, I shall not enter upon an academical discussion, which, indeed, at this period, would be very much out of place; but I may, perhaps, be allowed to express my unqualified dissent, though it is, at the same time, entirely personal and individual, from the opinion of Mr. Pirmez that it is opposed to economic laws. I am disposed to think, on the contrary, that considered as a whole, and with the conditions essential to its success, the bimetallic theory is in entire conformity with those great economic laws which must always

control the acts of the legislator and the fate of nations, and will continue to do so more and more; and that the idea which inspires it is one of the noblest and most important truths of science, worthy of the two enlightened Governments which have submitted it for your consideration.

Mr. Pirmez says, that it is neither within the right nor the power of the legislator to regulate the relative values of gold and silver. But how can such a proposition be maintained? As regards the right, how can it be pretended that we have the right to impose on the population a single metal as money, whether trade prefers another or not; and that we have not the right to give it the chance of using the two metals in fixed proportion, if such a course would be to its interest?

As regards the power, can it be admitted that we can give an arbitrary, or, if you please, a conventional, value to gold or to silver, and yet that there is no power to fix their relation to each other? For it must be remembered that in this case we have to do, not with the law of the cost of production, whatever may be its value, but with the supreme law of supply and demand.

I will add one more word on the theory of bimetallism to the observation of Mr. Pirmez, which I have followed with very great interest. If I am not mistaken, he appeared to be of opinion that the place which the precious metals occupy in the industrial arts constituted a slight obstacle to the complete acceptance of this doctrine.

I can not make this concession to the monometallists. It appears to me, on the contrary, that the demand for gold and silver for industrial purposes does not in any way destroy the equilibrium which we desire to establish between their respective values. If this demand increases in unequal proportion as regards the two metals, the result will be that their relative value will be affected in precisely the same manner as by a production of unequal value in the gold and silver mines, only it will be in an inverse sense; that is to say, supposing that the demand for gold increases, while that for silver diminishes, the value of gold will increase, and the value of silver diminish. Well, this change in the relative value of the two metals will be the same as if the production of gold had diminished, and that of silver had increased; only, in the first case, the relation between the two would have been changed by an increase in the demand for gold, and a diminution in the demand for silver; whilst, in the second case, the relation would have been changed by a diminution in the supply of gold, and an increase in

the supply of silver. We can, then, neglect the effect of the employment of the precious metals for industrial purposes.

One word before concluding. Is it true that the abstention of England must seriously impede the progress of the Governments towards bimetallism? It must be remembered that in preserving a system of gold monometallism in England and silver monometallism in India, the English Government makes an important contribution to the bimetallic system; and it appears to me possible that at the commencement of a bimetallic union, the adhesion of England and India might even disturb and impede the maintenance of an equilibrium; for it might happen that India would absorb more gold in proportion to the stock of the world than England would silver.

It appears to me, that there is rather a certain inconsistency in the language which is held to us on this point. We are told that during the maintenance by England of its gold monometallic system, it is necessary that India should maintain its silver monometallism, in order to counterbalance the action of England; and, having accepted this theory, we are told that the counterbalance would not exist, and that the abstention of the two countries is incompatible with the practical success of a bimetallic agreement between other countries. I trust, then, that the impossibility of England's joining in such a combination will not be considered as fatal to any attempt to maintain the value of silver; for, gentlemen, we must consider for a moment the serious consequences of failure, if all our efforts result in our not being able to come to any understanding on this occasion. The result will be the *status quo*; good according to Mr. Pirmez, bad according to me. However, good or bad, can we rely on maintaining the *status quo*?

Is it not probable that the situation will become worse every day? That the countries which are at present entirely disposed to co-operate in the maintenance of silver as money will be obliged to come to a decision, and do their best to establish the gold standard.

As to India, the great wish of the financial authorities in that country has been, if possible, to have a common monetary system with England.

Silver being impossible, on account of the English system, they must choose between bimetallism or gold, and although for the present the latter solution would be too difficult, it is certain that if the depreciation of silver continues, and if by reason of the discovery of fresh deposits of gold, or from some other cause, the

opportunity should offer itself, we should only be too ready to seize it, and to return to the proposals of the Commission which sat at Calcutta in 1868, and to enter, though much against our wish, into the struggle which is about to commence between the nations of the earth for the sole metal which will be left to us as the solid basis of an international currency.

I said, gentlemen, that in my opinion the proposals which have been submitted to you, whatever the practical objections may be to them, of which I entirely appreciate the effect, are worthy of the two great Governments which have assembled us here.

I will add that, in this state of things, it would be scarcely dignified, in my opinion, if they allowed themselves to be too easily discouraged, or prematurely diverted, from the objects they had in view by these obstacles. It is impossible to admit that, when these negotiations were set on foot, these obstacles were not foreseen and recognized. The inevitable abstention of England was known to everybody, and nobody has the right to complain of it now. The difficulties which Germany would find in giving her adhesion were no doubt foreseen. She comes, nevertheless, with offers as practical concessions of great importance.

I do not think, then, that the divergencies of opinion, which have made themselves felt at this Conference, have been of a nature to alter to any great extent the prospects which was presented in the month of February. As is the case with all great reforms and new ideas, especially when a subject so difficult and complex as that on which we are engaged is in question, time is required to appreciate their bearing, and to allow them to penetrate into people's minds, and secure opinions and interests. In order to get them accepted we must have time, patience, a spirit of conciliation, perseverance, courage, and faith. When I consider the eminent men who have prepared the ground for these discussions in France and the United States, I have some right to believe that these great qualities will not be found wanting.

MR. MORET Y PRENDERGAST said he was sure of being the mouth-piece of the sentiments of the entire Conference in thanking the delegate of India for the important speech he had just delivered. He desired to take that speech in hand, so to speak, in order to draw from it the conclusions and indicate the practical resolutions for which it might serve as the starting point. Sir Louis Mallet had expressly acknowledged the co-existence in the Anglo-Indian Empire of a double monometallism, gold monometallism in Great

Britain, silver monometallism in British India. He had, moreover, testified to the embarrassments, losses, and sufferings caused to commerce and to the Indian Treasury by this grievous state of things.

Listening to this language, was not one naturally led to ask whether there was not some means for the welfare of England and India, as well as of the whole civilized world, of converting into bimetallism this divergent and injurious double monometallism maintained in opposite senses by two portions of one Empire? The Delegate of Spain was convinced of this. He, therefore, thought it right to call the particular attention of the Conference, and especially of the Delegate of England, to the following questions, the affirmative solution of which would tend, in his opinion, materially to facilitate the solution of the Anglo-Indian monetary problem.

For this, it would suffice to discover the ratio between the two metals, and to act so that with Indian silver, gold might be procured in England, and with English gold, a fixed quantity of Indian silver.

And if this could not at present be done, there was a practical and easy means by which a solution could be arrived at.

The Bank of England, under Sir Robert Peel's Act, had the power of forming its metallic stock of both metals, admitting silver as one-fourth of the total. The giving this option an obligatory character would enable any holder of silver to obtain Bank of England notes within the limits of one-fourth of that stock. This right would raise the value of silver, and would suffice to change the present monetary situation of India.

It seems that the Conference might discover, in the discussion of these two questions, the elements of an investigation both interesting and fruitful in practical results.

MR. FREMANTLE, Delegate of England, replied that his Government would not fail to take into very serious consideration the views put forward by the Conference. It would be very glad to be able, without modifying the situation in which it was placed, and without renouncing the gold standard system, to find a means of giving its co-operation in the work undertaken by the Conference, namely: the restoration of the value of silver. It deemed it indispensable, however, for this purpose that the proposals which the Conference might initiate should be submitted in as definite a form as possible.

MR. FORSSELL, Delegate of Sweden, spoke as follows:

Mr. President, and Gentlemen: If the balance sheet of the present discussion of the speeches on principles, and on the means of applying them, of the Declarations and Reservations on behalf of Governments be drawn up in a practical manner—is there any thing, I ask you, gentlemen, and, perhaps, after the recent and important professions of bimetallic faith, the question is not devoid of a certain boldness—is there any thing which more clearly results than this impression, that the bimetallic system always lacks the support which it needs, in order to pass from resolutions into facts?

No doubt, people are not mistaken as to the reality of things. As regards the fate of the universal bimetallic system, neither the present monetary situation of the Latin Union, nor the legitimate interests of the States under the paper money system, form the essential subject of our judgment, for the fate of the universal system depends only, as every body allows, on the spontaneous accession of England and Germany. But, as sentiment and international courtesy stand for nothing in this matter, it is vain to say, and to repeat, that the Bank of France has, in a few years, lost 900 millions of francs in gold, and increased by 700 millions of francs its stock of silver; that it will lose still more of what it wants to keep, and receive still more of what embarrasses it. It is vain to prove that the Bank of Holland is suffering from an unbearable glut of silver. It is vain to declare that the supreme urgency of an economic and financial reform in Italy will force the whole world to reverse its monetary blunders. Neither one nor the other will “convert” Germany and England to the bimetallic system, unless there is in the economic and monetary situation of those two States themselves a motive power, so to speak, strong enough to triumph over the natural force of their monometallist inertia. This has been perceived, something has been searched for, and, by dint of searching, something has been discovered; it is in the following manner that this discovery presented itself the other day, and presents itself to-day, before the Conference.

Germany is overburdened with the stock of silver at the National Bank, to an amount not precisely known, but large enough to embarrass her, and, likewise, with a stock of silver coin still current, always unsalable, or salable only with risk of loss. A great stir has been made about it in scientific literature, in the daily press, and in the German Parliament, and bimetallism has been called for; the monometallist reform of 1871 has been cursed. Nevertheless, here is the Imperial German Government, which,

while confessing the real embarrassment of the monetary situation, while praising the efforts of the States favorable to bimetallism to rehabilitate the value of German silver, and, while clearly stating its intentions of facilitating and rewarding those efforts, still remains faithful to gold monometallism. As to the free mintage of silver, as for the coined silver being an unlimited legal tender, no confession, not even a ray of hope, on the German horizon.

As for England, stress has been laid on the paramount importance of Anglo-Oriental commercial relations, seriously hampered by the abolition of the free mintage of silver in Europe; as, also, on Indo-English financial relations, whose derangement, through the fall in the value of silver, is laid to the account of monometallic Germany. Without either denying or affirming the importance of these financial and commercial interests, one is tempted to suggest that the danger can scarcely be vital, seeing that the English Government, ever so attentive to the interests of its country's commerce, still reserves to itself absolute inaction in this matter. The honorable Mr. Cernuschi's opinion is, that this reserve will be converted into precipitation as soon as the Irish question permits the English Government to make itself acquainted with the ruin threatening it, and with the prosperity offered it. Now, we have, in the Declaration of the honorable Delegate of the Indian Government, an accurate expression of the judgments and intentions of the English Government. That Declaration is the exact image of the German Declaration. To facilitate the bimetallism of others, there is a pledge to keep silver monometallism for India, but as to an English bimetallism, no concession. For my own part, I venture to assert, like certain of my colleagues, that, whatever may be done in England to enforce Oriental interests, there will never be the agreement of an English Ministry and Parliament to the entry of Great Britain into the Bimetallic Union, to the free coinage of both metals, to the two moneys being legal tender.

In maintaining this doctrine, I do not rely mainly on the strictly conservative genius of the English in monetary matters, nor, do I allege the reason, always redolent of theory, that a simple measure of value will never be abandoned for a double or compound measure. I content myself with considering and enforcing the importance, the risk, the ulterior consequences, of this bimetallic convention proposed to the English nation, so jealous of its sovereignty and independence. To judge of the chances of this universal bimetallic system, it is necessary to scrutinize the details, and, as we

are always shown the brilliant image of this universal agreement, I turn the medal, to show the other side.

The free mintage of silver, free payment of minted silver, is demanded in the sonorous name of liberty. But, liberty for whom, and on what condition? Liberty for the producers and dealers in silver, and on condition of a corresponding obligation for governments and creditors, on condition, especially, of a *necessity*, imposed on the monetary circulation, or on the metallic stocks of the countries included in the Bimetallic Union.

I said necessity; but see how that necessity is imposed, and how, at times, it is distributed. It is the opinion, even of the boldest bimetallist, that the obligations corresponding to the salutary liberties of the free mintage of both metals would henceforth be unbearable without the co-operation of all, or of most, of the first-class States, that the heedless State, which should undertake alone the necessary efforts for rehabilitating and sustaining the value of silver, would be crushed under the weight of the bimetallic system, which would at once fall to pieces; that it would be suffocated by the silver flowing in from the whole world. Now, the bimetallic treaty once concluded between the principal States, standing back to back to bear the burden, what guarantee can be offered us that the practice would always, or ever, be in conformity with the stipulations of the treaty? What guarantee—to cite, among others, the most conclusive case, and one which has been too little considered—what guarantee against the sudden and forced adoption, by two, three, four of these States, of the paper money system? What guarantee against a recurrence of those political crises which this monetary cataclysm has already made them all successively undergo? Now, the paper money system drives away the coined metal, silver first of all; the coined silver which will go to the States or State still remaining under the metallic system, and where it is still a full legal tender, will drive the gold out of circulation, or, at least, out of the bank reserves (if you want a proof, look at the stock of the Bank of France, quite full of Italian crowns); the equilibrium of the system established by treaty will be destroyed, and the country which, still bound by the treaty, retains metallic system, will be the victim of the system, as much as if it had alone undertaken this impossible obligation. Yes, the universal Bimetallic Treaty is impossible, because it demands engagements, which, at any moment, might lead to the detriment and ruin of the contractors.

The brilliant series of international treaties on the postal service,

telegraphs, extradition, patents, railways, etc., has been invoked in its favor, and, no doubt, it has this in common with them, that it would unite the nations; but, show me one of them which imposes and distributes obligations in this way? It is true, there is one, the Bimetallic Latin Convention of 1865; but you know that its main defect has been confessed, that practical bimetallism has been driven out by the treaty of 1876, and that it is forbidden for the future, except in case the very principle, which was near destroying the Latin Union, shall obtain acceptance by an universal union. What chances, then, are there of harmonizing interests so incongruous as those of the metal-producing States and the non-producing States, States with colonies and States without colonies, gold currency States and silver or paper currency States? What chances of getting accepted this system of mutual dependence, of constant caviling, of inevitable risks, by a State whose monetary system imposes itself on a whole world, and which, by its single gold standard, always governs the trade in metals?

If it be not an impossibility, it is, at least, in the highest degree, an improbability. Only draw a comparison between these vital engagements and these secondary interests which are appealed to. Even when these inconveniences are looked at from the broadest standpoint, when it is said, as Mr. Seyd says, "the trade between a gold standard country and silver standard colonies will be quite as unfavorable as the trade with paper-money countries," is it not enough to answer, "but has England's traffic with Italy and Russia been disastrous to England? Seeing that it flourishes, seeing that it always makes progress, the loss can not be on the side of English merchants; and has the double gold and paper standard been ever demanded in favor of that trade? Why, then, a similar demand in favor of the trade with silver standard countries?"

It is just the same with the Indo-English financial losses; they are reckoned at two millions sterling a year, yet that is a *figure*, a definite sum, whose importance will probably decline. Is an exact amount of loss ever bartered for an indefinite amount of risk? Are the independence and monetary supremacy of a country sold for two millions sterling? Never.

If this be the case, or, as I hold, inasmuch as this is the case, the present monetary question, so long as special and secondary interests are regarded, and so long as the plan of universal bimetallism is obstinately clung to, will lead to nothing; it will fail in face of the disproportion between the comparatively slight ailments complained of, and the perfectly enormous remedy proposed, and, how-

ever skillfully those ailings are added up, the amount will never be enough to justify the remedy. If the Monetary Conference of 1881 had no duty to fulfill beyond the attestation and conciliation of the interests I have just indicated, that duty might be considered as performed, for the weakness and real insufficiency of these interests are a well tested fact.

But, do the very terms of the summoning of a universal Conference allow it to remain within the confined limits of these particular interests of certain States, or of bimetallic impossibilities? In my opinion, not. We are, here, neither diplomatists nor idolaters, and, if a real difficulty exists as to monetary systems, we must either acknowledge it to be irremediable, or find possible remedies. Is there, at the bottom of the present monetary agitation, nothing more universal, which might rally the monometallist States, the limping-standard States, the paper money States, the monometallist theorists, and the bimetallic theorists, in a common interest to a common work? In my view, this is possible. You need only cast your eyes on monetary literature, to see that infinitely graver questions are being more and more raised than bank stocks, rates of exchange, and financial losses; questions relating to the most delicate problems of science, and of such a universality that they will, doubtless, make their way into the politics of the day.

Appeal is made in bimetallic literature, sometimes to the interests of all the States, as well as of all the individuals who are in debt, whose more or less heavy debts would be aggravated by a diminution, and lightened by an augmentation of the monetary mass; sometimes to the interests of the land owners of all Europe, whose losses on the amount of their rents is attributed neither to American crops nor to the social conditions of their country, but solely to the Bamberger law. Appeal is made, and will, doubtless, be still more made, to the instincts and appetites of the masses by telling them that at the bottom of all present human miseries there is something imperceptible, terrible, creeping in the dark, gnawing like a cancer at the welfare of the poor as of the rich, and styled "demonetization of silver," and "dearth of gold." These things will, perhaps, be repeated to them until this diagnosis of economic maladies has assumed the character of a popular axiom, and then your remedy will be offered, bimetallicism, that miracle which will make money plentiful, industry prosper, raise prices and then increase wages. This is precisely the manner in which another doctrine has been propagated, that of the protection of national labor, and has been made to triumph. The swelling phrases of bimetallicism are

scarcely so sonorous and seductive as those of protection; above all, the connection of causes and effects is not so palpable, but, as regards a miracle, the less it is understood the better it is believed.

As to the aim pursued, the universal bimetallic system, even the support of such a general opinion, of such a universal interest will scarcely bring it to realization. I am not at all afraid of it. Governments will always look at it cautiously, and means will be found of avoiding engagements whose risk is but too evident. But there will always be agitation, stir, alarms, and trouble on this subject, and this universal interest is certainly entitled to a consideration of all its details. It is especially incumbent upon our Conference closely to examine this question of the actual and probable influence of monetary changes of our time upon the price of merchandise and on the economic condition of peoples.

It is evident that the question is very complicated, complicated to such a degree that there is no means of discovering an absolute and decisive solution. Statistics give us but very imperfect information upon it, and the connection, or rather the entanglement of causes and effects as regards prices is so complex that nobody would venture to pretend to have found the key to it. Still, there are certainly solutions more or less near the truth, and I have no doubt that it is in the power of this distinguished assemblage to discover the best.

At the outset, it would be necessary to consider if there be really a formidable social danger in this fall of prices with which we are threatened. For my own part, speaking frankly, I see nothing so very dangerous in it, and, if I had to choose between an ever-increasing abundance of money, a constantly progressive rise of prices, on the one hand, and a contraction of money, a fall of prices, on the other, I should hesitate. There are advantages and inconveniences on one side as on the other, but in favor of the fall of prices, the rise in value of money, which is apprehended; I should say a falling value loses also its attractiveness, and you know that in periods of rise of prices that money which, nevertheless, is the object of saving is esteemed less and is wasted. A rising value gains attractiveness, and you would doubtless see that a fall in the price of merchandise would make money more esteemed and economized. And if I look at things from the sole standpoint of the great bulk of the populations whose livelihood depends on wages, what an evident advantage is this augmentation of the value of money. They would, doubtless, under this system, have to struggle to keep up and defend their wages against masters wanting to reduce them,

just as on a rise of prices, an increasing abundance of money, they have to struggle to raise those wages. But what a difference of position; what a difference in these combats between defense and attack. How much easier is conservation than acquisition. As regards debts I would also urge that debtors losing by the contraction of money, long term debtors especially, are not in the category of those three-fourths, or nine-tenths of the population who live from hand to mouth without credit or fortune. On the other hand, in this era of debts, of democratized States you more and more find in the lower middle class, in the ranks of small competencies, the creditors who would gain by the fall of prices. I waive, however, these comparisons which might be carried on *ad infinitum*, but are more or less beyond the region of reality. What is essential is to judge of the facts themselves, and that judgment being made to consider the means of re-acting against the present monetary trouble.

The great event to be judged of is not at all bimetallism, which does not exist, which is proposed, but seems impossible, nor even the already half-accomplished demonetization of silver, it is the progressive and probable adoption of the gold standard, and the consequences which will flow from it; the remedies, therefore, will be found in the region of monometallism itself. The essential point of the monetary evolution, the subject of a real and universal interest, is not the depreciation of silver, whose results on the holders of silver are of secondary importance, but it is that fresh demand for gold which will result neither from the arbitrary act of a government, nor from the theories of a *savant*, but from the requirements of commerce.

The first question calling for a reply relates to the existing situation.

I offer, as a supplement to the *questionnaire*, the following: "has there been, in the last 10 years, a fall in the price of merchandise, under such conditions that it may be inferred that the abolition of the free mintage of silver and an increased demand of gold for mintage have essentially contributed to it?"

The following question relates to the future: "Is there reason to believe that in case of the adoption by one or more States of the single gold standard, fresh demands of gold for mintage will lead to a contraction of the monetary and fiduciary circulation sufficiently great as to infer a general fall in the value of merchandise as expressed in gold?"

Here there will be two calculations to be made; on the one hand, a calculation of the fresh demands for gold with which the United

States and Italy especially menace us; on the other hand, calculations as to the annual production and the stock of gold probably existing, and what is still more material, as to the *elasticity* of the monetary and fiduciary circulation. For it must never be forgotten that in speaking of the relation between money and merchandise, you speak of a relation between merchandise on the one hand and fiduciary and monetary circulation on the other. The constant and rapid fall [rise] in prices of recent centuries is assuredly not due solely to the augmentation of the metallic stock, but much more to the progressive elasticity, the surprising perfectibility of all that currency organism of which the metallic stock is the blood, while credit is the soul and the life.

This currency organism has developed under the influence of the usages, economic necessities and legislation of each nation, it has reached different degrees of perfection and elasticity. No doubt, we are not yet at the limit of this faculty of economizing minted metal of which England has given us a brilliant example, and if the fresh demand for gold was not enough to call forth a corresponding production, fresh economies might be counted on if necessary in the twenty milliards of gold in the world, in order better to distribute those milliards and to give the requisite share to the nations desirous of entering the ranks of gold monometallist States. And if the investigation we shall make as to these probable demands for gold should cause us to anticipate disturbances and evils, during a certain period of transition, the following question would, doubtless, have a serious interest, especially for monometallists.

“Is there ground for facilitating and for supporting by acts of legislation affecting coinage and fiduciary circulation such economy in the use of gold as the progressive adoption of the single gold standard will cause the States represented in the Conference to feel the need of?”

MR. DANA HORTON, Delegate of the United States of America, said that he hailed with warm satisfaction the communication of the questions put by the Delegate of Sweden. He appreciated their utility all the more as he had already himself drawn up analogous ones in the interrogatories he had just handed to the President. He should be very glad if similar demands for information were framed by other members of the Conference.

As particularly regarded the influence exercised by the fall or rise of the precious metals on the prices of merchandise, Mr. Horton said he would not occupy the time of the Conference with a

thorough discussion of the matter; but he read a citation from a work whose authority, he said, was known to all the members of the Conference (Michel Chevalier, *La Monnaie*, ed. 1866, p. 759), and desired to present, in an exhibit, his views on the economic effects of a rise and of a fall in prices; views which, he might add, had been formulated long ago in a work he had published.

BARON VON THIELMANN, chief Delegate of Germany, asked leave to offer an observation.

Referring to the Declaration made by them at the second session of the Conference, the delegates of Germany, said Baron Thielmann, think it right to remark that that Declaration does not contain offers made by the Imperial Government to the Powers represented here.

The Delegates of Germany confined themselves to uttering the opinion that perhaps the German Empire might take into consideration concessions with a view to an eventual arrangement calculated to raise the price of silver. As they had stated, Germany's interest in this question does not equal that of several other Powers.

The ulterior decision of the Imperial Government, as they also indicated, are not prejudged either by its participation in this Conference or by the observations of its Delegates.

The object of this Declaration is not to correct any of the opinions formulated within the Conference, the Delegates having all quite understood the character of the Declarations of the German Delegation. Its sole object is to reduce to their true value the exaggerated comments of a certain portion of the press.

Note was taken of this Declaration of the chief Delegate of Germany.

The general discussion of the *questionnaire* was resumed.

COUNT DO SAN MIGUEL, Delegate of Portugal, next spoke, and expressed himself in these terms:

I think it the duty of Delegates assembled here, with the aim of solving one of the most important, and certainly most difficult problems of economic science, to furnish the Conference with every information which may in one way or another, directly or indirectly, concern the monetary question. This is the consideration which makes me rise to speak.

I do not intend, indeed, to touch on the theoretical discussion of the two doctrines now before us; others more competent than

myself have done it, and will yet do it. I only allow myself to allude to a passage in the brilliant speech delivered by Mr. Cernuschi, at one of the late sessions, because the information I am about to have the honor of communicating to you bears on that very passage.

Mr. Cernuschi told us "the ratio of 1 to $15\frac{1}{2}$ between gold and silver has every-where prevailed during this century."

Gentlemen, I frankly confess that that statement, made in so unqualified a way, and by so competent an authority, made a deep impression on my mind, for, in my view, the whole question lies there. If the ratio has every-where and always been steady, bi-metallism is possible.

Monetary questions are, in my view, exclusively practical questions; if the object be to solve them, it is only by the investigation of facts that they can be approached.

Now, gentlemen, you all know that in Portugal, prior to the monetary reform of 1854, which caused the adoption of the single gold standard, gold and silver simultaneously performed the functions of money. If, therefore, the ratio of $15\frac{1}{2}$ between gold and silver coin had every-where ruled during this century, that ratio would have ruled also in Portugal, and I had, therefore, to ask myself why, if the ratio worked with such permanence, we substituted the single gold standard for the bimetallic currency which existed before 1854. I have investigated the facts; I have examined whether this ratio in Portugal had really been so fixed as Mr. Cernuschi said. Here is the result of these investigations:

The first law respecting gold in Portugal is dated August 4th, 1688. By that law the price to be paid in the Lisbon and Porto mints for a mark of gold (22 carats) was 96,000 reis (533 francs 33 cents.)

This same gold was valued at 102,400 reis (568 francs 88 cents.)

For a mark of silver of 11 dinheiros, that is to say, $\frac{11}{12}$ of silver and $\frac{1}{12}$ of alloy, the value was fixed at 6,000 reis (33 francs 33 cents.) producing, when minted, 6,300 reis (35 francs.)

The legal equivalence at that date (1688) was, however, the ratio of 1 to 16.

In 1747, the value of a mark of coined silver was changed, and rose from 35 francs to 41 francs 66 cents, (7,500 reis), which made the relative value of gold and silver fall to 13.6.

This equivalence recurred at the beginning of the century, and had led to the expulsion of gold from the monetary circulation.

The law of the 6th of March, 1822, gave to a mark of coined

gold a fixed value of 120 milreis (666 francs 666 cents), and the gold piece of 4 ozs., whose value was 6,400 reis (35 francs 55 cents), had a value of 41 francs 66 cents (7,500 reis.) This law was repealed shortly afterwards, together with those passed in the Cortes of 1820, but was restored and ratified by another law of the 24th of November, 1823, and by a special charter of the 5th of June, 1824.

Now, as the preamble of the law of 1822, had declared that the equivalence of 13.5 between gold and silver, was very far from expressing the proportion of their mercantile value, and as gold did not practically come into circulation on account of the legal value of gold money being below its corresponding value in bullion, the legal ratio rose to 16, I think, in 1825.

In 1835, a new law of the 24th of April, gave the coined silver mark the value of 7,500 reis (41 francs 66 cents), which brought the equivalent to about 15.5, that figure being considered the average rate of exchange of money, whether national or foreign.

On the 3d of March, 1847, a new law was passed, raising the value of the gold mark 128,000 reis (711 francs 11 cents), and that of the 4-oz. gold piece, whose value had been fixed in 1822 at 41 francs 66 cents (7,500 reis) rose to 44 francs 44 cents (8,000 reis). After this law other legal measures were taken, which established the legal ratio of 16.5.

Thus, summing up the foregoing, it will be seen that the ratio between the gold and silver moneys, considered during the first half of this century, in Portugal, as legal money, was subject to the following variations:

1800—13.5; law of the 6th of March, 1822, 16; law of the 24th of April, 1835, 15.5; law of the 3d of March, 1847, 16.5.

Now, it was these alterations which caused the abandonment of the bimetallic system in Portugal. It was shown, and the explanation preceding the law of 1854 attests it, that the circulation felt the lack of harmony, and the disorder produced by the alteration in the relative value of the precious metals, that the legal ratio between gold and silver money was higher than the commercial value of those metals, and, moreover, that this state of things hampering the transfer of values, burdened all transactions, and obstructed the movements of commerce even in its smallest operations. The law, therefore, establishing the single standard, was passed, so to speak, unanimously by the Portuguese Chambers.

I thought, gentlemen, there might be some utility in making known this information, which so closely affects the capital point

of the question before us. For my own part, and I am now expressing only my personal opinion, it seems to me calculated to indicate what, moreover, is demonstrated by experience in accord with the principles of science, that the fixity of ratio between gold and silver being unattainable, a State can not simultaneously keep both metals as a measure of value, so true is it that the more favored one will always discredit the other, making it lose its character of money, and converting it into pure merchandise. Such is the fact, and in my view law can not, or at least should not, be in flagrant contradiction with fact.

Mr. CERNUSCHI, Delegate of France, called attention to the fact that at the present session two parts of the world, Asia on one side, and America on the other, had pointed out the dangers and perils of monometallism, and urged the definite adoption of bimetalism, but that this measure had been deprecated by Sweden and Portugal.

What reasons, said Mr. Cernuschi, have the Delegate of Sweden and the other partisans of monometallism enforced? They invoke the failure of the Latin Union, but had that failure from the bimetallic standpoint any other cause than the attempt made to subject Germany to gold monometallism, and can it, therefore, be urged against the partisans of international bimetalism? The partisans of monometallism deny that the adoption of their system must result in a fall of prices, and in support of that denial they remark that Germany's passing over to the gold standard has not led to a sensible depreciation of merchandise, but do they not see how easy it is to answer them? The demonetization of silver is not effected in Germany, it is only decreed; monometallism has not yet triumphed in Europe, it has not yet even begun to conquer, the evil it would cause mankind is not yet felt, it is only foreshadowed. This is why the debasement of merchandise has not taken place, but it would be inevitable, certain, and overwhelming, whenever the monometallic law should really and every-where come into force by the effective demonetization; that is to say, the general calling in of silver coin.

The Delegate of Sweden has also said that the scarcity of coin produced by the disappearance of silver would be an encouragement to economy, just as its abundance incites to prodigality. It is impossible to understand on what principle or on what economic fact such an assertion rests.

The Delegate of Sweden urged in favor of monometallism, the

argument that it would benefit the mass of the populations; all creditors and all landowners would gain by it, while artisans would not lose, as they would only have to defend wages already secured, instead of having with difficulty to extort an increase of pay as they would be forced to do if monometallism should not prevail. But by what right would legislation thus make some gain and others lose? In this arbitrary allotment of loss and gain by the monetary legislation, where is justice, where is equity, where is even the notion of the function of money? The object of money is to guarantee in the present as in the future the sincerity, the permanent equivalency of all current contracts, money is a kind of instrument of precision, *valorimeter*, which maintains, as it were, debts and credits always at one level. Yet, it is sought by a legislative revolution to abolish by a stroke of the pen one of the two elements serving as a measure in the agreements hitherto concluded.

It is needless, however, to say more. The injustice, the fallacy, of the monometallist doctrine, its inconveniences and its dangers, have been pointed out by Sir Louis Mallet, with a clearness and force dispensing with any further reference to it. It remains only to make use of his words, by making a great effort with the British Government, to induce it to convert its double monometallism, which is unsound and ruinous, into an international bimetalism, which would be logical and beneficial to England as to India and the whole world.

The continuation of the general discussion was fixed for Thursday the 19th of May, at 12:30 P. M.

The Session closed at 5:30 P. M.

EXHIBITS TO SEVENTH SESSION.

EXHIBIT A.

(Presented by the DELEGATES OF ITALY, page 240.)

STATEMENT OF THE SILVER COINAGE IN ITALY, 1874-1880.

Response of the Delegates of Italy to the Request for Information addressed to the Conference in the Session of 7th May, 1881.

	1874.	1875.	1876.	1877.	1878.	1879.	1880.
Quantity of Silver Coined:							
A.—Into money with full legal tender.....	(a)	22,887 kg 305,920	143,659 kg 561,005	80,930 kg 049,640	40,435 kg 144,151	83,248 kg 159,180	.. none.
B.—Into money with limited legal tender.....	(a)	none	none	none	none	none	.. none.
C.—For other States.....	(a)	none	none	none	none	none	.. none.
For private individuals, without profit to the Government, at the price of Silver, at London, the day the metal was presented at the Mint.....	(a)	none (b)	none (b)	none (b)	none (b)	none (b)	.. none (b).
Origin of the ingots, or manufacturer's marks.....	(c)	(c)	(c)	(c)	(c)	(c)	 (c).
Recoinage of old coins (nominal value)	Francs. c. 21,604,623 54	Francs. c. 13,416,751 09	Francs. c. 18,346,658 72	Francs. c. 13,151,419 76	Francs. c. 8,584,410 36	Francs. c. 12,762,941 61	Francs. c. 8,121,019 94
Coinage for Banks of Issue, and who gained by it, the Banks or the State.....	none	none	none	none	none	none	.. none.

(a) No information, because the mints were let out on contract in 1874.

(b) By the law of 17th July, 1875, it was forbidden to private individuals to have silver coined.

(c) No account taken.

EXHIBIT B.

(Presented by MR. CERNUSCHI, page 240.)

QUESTIONS ADDRESSED TO THE BELGIAN DELEGATES.

I.—If it is said that the monetary metals are merchandise, and if the power of legislation, as regards the value of money is denied, how account for English legislation keeping in circulation about two million kilogrammes of silver at a nominal value much superior to their value as merchandise metal?

II.—If it is true that the silver shilling is merely a national counter of limited paying power, issued by the State in limited quantity, is it not true that the gold sovereign of unlimited paying power, issued by nature in limited quantity, and convertible into foreign money, if gold is mintable abroad, is itself merely an international counter; and that if the small value of the merchandise silver stands for nothing in the value of the shilling, the small value of the merchandise, gold stands for nothing in the value of the sovereign?

III.—If this is the case, is it not true that the value, the paying power, of the sovereign of unlimited coinage, is more or less great according as the number of sovereigns that might be coined with the whole mass of gold in existence is more or less great; and is it not consequently true, that the sovereign has a mathematical value?

IV.—Is not the value, the paying power of the sovereign, stable, because the number of sovereigns that might be coined with the mass of existing gold is stable?

V.—If the law has the power of giving the sovereign mathematical value, can it not give it to the shilling?

VI.—Considering that the number of shillings that might be coined with the mass of existing silver is stable, would the value of the shilling, at unlimited coinage and unlimited forced circulation, be less stable than that of the sovereign?

VII.—Is it not true that if the different nations formed a single State, having both the sovereign and the shilling as money with unlimited coinage and with unlimited forced circulation, nobody would think of bartering shillings for sovereigns, or sovereigns for shillings, seeing that neither the one barter nor the other could secure any profit; and is it not true that there would be no thought of ascertaining the ratio of

weight existing between twenty shillings in gold and twenty shillings in silver?

VIII.—Is it not true, that considering the multiplicity of States, if one of them began fabricating sovereigns lighter than the sovereigns of the other States, while maintaining the uniformity of weight for the silver shillings, the bankers in the other States would take thither their heavy sovereigns for remintage into a larger number of lighter sovereigns, and that with these light sovereigns they would obtain silver shillings, which they would take home, thus realizing a considerable profit entirely due to the lack of international uniformity between the weight of two coins?

IX.—Is it not true, that between the gold sovereign and the silver shilling, supposing them to be universal money, there would be no question of a relative natural and commercial value, but of a conventional ratio of weight fixed by legislation?

X.—Is it not true, that if nature had offered a third metal, capable by the unalterability of its mass, and by its physical qualities of being itself also good money with unlimited coinage, legislators would not have failed to declare it metal mintable at pleasure, and to fix the weight of a third monetary unit, a weight which would necessarily have had some ratio with the weight of the silver unit and the gold unit?

XI.—Does it not result from the foregoing, that international bimetallism will be firmly established the day when the same ratio of weight between the silver coin and the gold coin is decreed by a preponderating group of nations?

XII.—In addition to the first of the questions here put, how account for the fact—

(a). That French, German, Dutch, and American legislators can keep in circulation with unlimited paying power, and as non-international money, a mass of silver amounting, perhaps, to twenty five million kilogrammes, a mass which would not be worth a tenth of what it is worth as money, if the 5-franc pieces, thalers, florins, and dollars were melted down, and if Asiatic legislation withdrew from silver its unlimited paying power?

(b). That Italian, Austrian, and Russian legislators can keep in circulation as national money, immense sums of paper money of unlimited paying power, money which, regarded as merchandise, would be absolutely devoid of value?

REMARK.—Coins are conventional units used for measuring the comparative value of all merchandise, and for paying for them. They are counters whose value is purely legal, but guaranteed by nature itself, which has never furnished and does not furnish but a limited number of them.

The circulation of all the counters composing the existing monetary mass is insured by means of the free mintage and forced circulation.

The yellow counter reckons as $15\frac{1}{2}$ white counters. Bimetallism is nothing else.

EXHIBIT C.

(Presented by MR. DANA HORTON, page 240.)

QUESTIONS ADDRESSED TO THE ENGLISH DELEGATES.

I.—Was not the pound sterling, composed of 20 silver shillings, the monetary unit of England until 1816?

II.—Was not free and gratuitous coinage, at the standard fixed by the law of the 43d Elizabeth, of silver coin, having full legal tender power, guaranteed by the law of 1666, which was repealed in 1816?

III.—Was not the fixation of the ratio of 15.21 : 1 in 1717, which over-valued gold, the cause of the exportation of silver coin from England, and of the almost exclusive use of gold coin in the 18th century?

IV.—Was not the avowed object of this fixation, in 1717, to reduce the then existing over-valuation of gold (of about 15½), and to procure for England a simultaneous circulation of gold and silver?

V.—Did not France maintain a simultaneous circulation of gold and silver in the century which followed 1717, saving the period of revolution and paper money?

VI.—Were not the two facts, that England used in the 18th century a depreciated money (the guinea), and that the object of the fixation of 1717 was never attained, the natural result of the failure of the Government to abandon a false valuation, and to adopt the French ratio?

VII.—Had not Sir Isaac Newton indicated the probable necessity of such a measure?

VIII.—Did not Richard Cantillon (author of the "*Essai sur la Nature de Commerce en Gînéal*," Paris, 1757) predict, 150 years ago, that England would be forced in the end to adopt the French ratio?

IX.—Did not Alexander Baring, 50 years ago, pronounce himself in favor of the restoration of the silver and gold standard at the new French ratio?

X.—Was not the prohibitive tariff, directed by English law against silver money, in 1816, an innovation?

XI.—What advantages accrued to England through this innovation?

EXHIBIT D.

(Presented by MR. DANA HORTON, page 240.)

NOTE ON THE RELATIVE DISADVANTAGES OF A RISE OR OF A FALL OF PRICES FROM "SILVER AND GOLD," CINCINNATI, 1876, PAGE 71.

"Supposing, then, we have to compare the effects upon prosperity of a rise and of a fall thus caused, and the extent and suddenness of which are similar, which of the two is preferable, other things, of course, remaining equal?

"The judgment of economists is clear, that a fall is preferable to a rise; or, in other words, that redundancy is better than scarcity.

"J. R. M'Culloch, (*Encyclopædia Britannica*, 1858, Art. "Precious Metals," in his discussion of the effect of the late great increase in the world's stock of gold, says, in conclusion, 'Though, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are actively engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.'

"Roscher (*Grundlagen der National Oeconomie*, sec. 141) points out that the gold discoveries, by preventing a dearth of money, which without them would have probably occurred, saved the nations from grievous malady. On the other hand, he explains, in the sense expressed by M'Culloch and Chevalier, how a fall, in the value of money, may stimulate to a notable increase of national production.

"Michel Chevalier (*La Monnaie*, ed. 1866, p. 759), expresses himself as follows:

"'In fine, the change will profit those who live by present labor; it will injure those who live on the fruits of past labor, be it their own or that of their fathers.

"'In this respect, it will act in the same direction with the greater part of those evolutions which are accomplished in virtue of the great law of civilization to which ordinarily we assign the noble name of progress.'

"It remains to add, that in society, as it is at present organized, the

number is very small of those of whom it can truly be said that they live on the fruits of past labor. Real property, rents, and the interest of investments, depend to such a degree on the present labor of those who pay them, that, in an important sense, those who receive them live rather on the present labor of others than upon past labor."

EIGHTH SESSION.

EIGHTH SESSION.

THURSDAY, *May* 19, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,

Belgium,

Denmark,

Germany,

Great Britain, British-India, and Canada

Greece,

Italy,

The Netherlands,

Portugal,

Russia,

Spain,

Sweden,

Norway,

Switzerland,

The United States of America, and of

France,

who were present at the preceding Session.

The Session opened at 1 P. M.

The Minutes of the previous Session were read and adopted.

THE PRESIDENT read to the Conference a letter from Mr. Dumas, Delegate of France, who, being detained at home by illness, expressed his regret at not being able to attend the Session and take part, as he had intended, in the discussion.

LORD REAY presented a paper, addressed to the Conference by Mr. Probyn, of London.

The general discussion of the *Questionnaire* was resumed.

MR. PIRMEZ thanked the Conference for the attention it had been good enough to give to the observations offered by him at a previous Session. He thanked those of his colleagues who disagreed with him for the courtesy with which they had opposed him. He was, by this very fact, bound to detain the meeting a short time longer; but he would speak briefly, endeavoring to point out the points of agreement rather than those of disagreement.

It is important, at the outset, said Mr. Pirmez, not to extend the debate beyond its true limits. One question alone has been under discussion: is it possible to establish a fixed ratio of value between the two monetary metals, and more particularly is it possible to do so by arbitrarily taking the ratio of $15\frac{1}{2}$, which is contrary to commercial facts? I have replied negatively to this question; it is the only point, but the point governing the whole debate, which I have treated.

I make no propaganda, therefore, in favor of gold and against silver. I do not wish to see new countries adopt the gold standard. I do not overlook the fact that a perfect monetary system may be established with the silver standard. I have no design of seeing the function of that metal narrowed. I have even no objection in principle to the rational system advocated by the Delegate of Russia; a system which would consist in having silver money of variable value, and which he aptly called bimetallism with a single standard. What I reject, but reject as contrary to the nature of things, and as bound to give results the reverse of those expected, is the attempt to decree and maintain a fixed ratio between the two metals.

This doctrine which I oppose is that of all bimetallism; but what a profound disagreement in principles among those who defend it!

Mr. Cernuschi has claimed for his doctrine that it is the only real bimetallist one, and I am bound to state that in this respect I agree with him. This doctrine, which has received the adhesion of Count Rusconi here, and that of Mr. Horton in his writings, assumes as a fundamental essential proposition, almost as an axiom, that law and law alone determines and creates, so to speak, the value of money. It draws from that principle all the consequences it devolves. It draws them with a rigorous deduction which nothing can arrest, and an inflexible logic which geometers might envy.

This doctrine is what I should be disposed to call dogmatic bimetallism.

My other opponents are a long way from this doctrine. Neither Mr. Vrolik, nor Mr. Pierson, nor Sir Louis Mallet, nor Mr. Luzzatti, nor Mr. Denormandie, nor Mr. Howe, admit this omnipotence of law. They hold the same principles as do all of us who have here been defending the principle of the single standard. We have gathered the same fruits from the tree of economic science. I have offered them in their natural state; while we discover them at the bottom of the bimetallic liqueur which they offer us, we discover them in a state of perfect preservation. Like us, they regard money as a merchandise which the State can only weigh, test, and certify to, and whose value varies according to the development of consumption and production. They reject the idea that the command of law can fix its value; they confine themselves as saying that the decisions of law on the employment of the precious metals influence its value. I entirely agree with them on that point. It is as unquestionable that the market which the law may insure these metals acts on their value as it is unquestionable that its command is fruitless. The State would increase the value of madder by giving its soldiers red trousers; it would increase the value of silver if it had its cavalry horses shod with it; and, for the same reason it will produce the same effect if it adopts silver as money. But what, in that case, would be the action of law? The introduction of one factor, very important I allow, but of one factor alone in the entirety of supply and demand, which will determine the value. This was fully recognized by Mr. Howe, when, instead of accepting the cabalistic $15\frac{1}{2}$, he assigned as the object of investigation of this Conference the search of the true ratio between gold and silver. Thus, whatever law does, the real value will remain variable; it will undergo oscillations. Now, this alone makes the system collapse, for in a matter where speculation operates on infinitesimal fractions, absolute fixity would be essential, and that fixity, according to the very principles spoken of, can never be attained.

What would be the necessary consequence of that bimetallic doctrine, whose principles would entitle it to the name of rational bimetallism? The legal ratio necessarily giving way under the weight of facts, it would be necessary to bring back to circulation the metal which its higher comparative value would have withdrawn, to reduce the value or the weight of the coins of that metal. By a kind of degeneracy of the ratio, always making the higher

standard descend to the level of the lower, you would keep the two metals in circulation, but at what cost? By installing a permanent monetary revolution, by decreeing a continuous fall in the measure of values! That is the goal of those who desire two monetary standards; that is what is enforced upon them as a necessary consequence.

Between the two bimetallic doctrines which have thus been expounded to us, you already see that there is nothing in common. Mr. Cernuschi's dogmatic bimetallism starts from an inadmissible principle, but is irreproachably logical; no consequence, however strange it may appear, makes it flinch. Rational bimetallism starts from true principles, but does not draw from them what they involve; transforming a simple element in the value of the metals into an absolute fixing of their value, it arrives at a Declaration that the ratio between two values, regarded by it in principle as essentially variable, may become invariable.

But I leave the two schools to refute each other; whether it be in the principle or in the deduction, the mistake is certain, and the fixity of ratio remains unattainable.

The illusion indulged in, in order to reach that fixity, seems to extend to every thing relating to it, and it is necessary for me to dispel it on certain points.

Thus, the history of the Conference of 1878, unless a stop was put to it, would become a legend. It would ultimately be accepted that that assembly, under Mr. Goschen's inspiration, pronounced solemn condemnation on our doctrines, and proclaimed that the silver currency must every-where be restored. I was astounded at the inconsistency between what I heard and what my memory recalled to me. I referred to the documents, and I bring them to you.

The Conference declared "that it is necessary to maintain in the world the monetary functions of silver as well as those of gold." All of us who had defended the principle of the single standard voted for that proposition, but to guard against any misconception we were careful to fix the meaning of it. Mr. Garnier, Mr. Feer-Herzog, and Mr. de Thoerner clearly explained themselves in this respect. And what is its bearing, unless it be to express that the abolition of the silver currency, where it exists, might cause dreadful shocks? I am still ready to declare that if India, for instance, adopted the gold standard, a serious disturbance of values would result. Should I thereby condemn myself? But I confine myself, in order to dispel all mistake, to reminding you of what Mr.

Goschen himself said in explaining his vote: "This formula implies no preference in favor of the double standard; if it were otherwise, my colleagues and I could not accept it;" and he thus concluded his declaration: "As for the desire which has just been expressed, tending to a hope being left open that some day a fixed ratio may be established between gold and silver, and an international value given to them, I declare that, in my view, it is impossible to realize this, impossible to maintain in theory, and contrary to the principles of science." This is how he condemned us.

All monetary history is being written with the same tendency to discover in it the same justification of bimetallism. We are shown the two metals co-existing in circulation at a fixed ratio, yet however far you go back you find this assertion contradicted by the facts. Athens, that wonderful city, which lacked no kind of superiority, understood the impossibility of the fixed ratio, and, boldly cutting the knot, she established by the side of the silver money serving as the standard, a gold money of uniform weight, which was appraised by commerce. Monetary history since that time records only variations of ratio constantly demanding readjustments. I have shown you how in this century it was impossible to enforce the legal rate in France, in the Netherlands, and in Belgium. At our last Session, Count San Miguel brought a fresh and decisive contribution of facts relating to Portugal, in proof of the variability of ratio. Whence arises the mistake? From considering as realized whatever the laws enact. The ratio at $15\frac{1}{2}$ has existed on paper from the beginning of the century, but it has never descended to facts.

What is now going on, what is even said among us, does not escape this transformation which accommodates every thing to bimetallic aspirations. Is a work published, is a speech delivered, is a meeting held in any country to demand the mintage of silver, it is depicted as a plebiscite, which, whatever the attitude of the authorities, annexes the country to bimetallism. You heard the clear and precise declarations of Germany; the honorable Mr. Cernuschi took them for an, at least, moral adhesion to his doctrine. What is more natural, however, than that Germany, who has a considerable stock of silver, desires to see silver preserve and recover its value? But is there any other means of testifying my confidence in the judgment of that great nation than the preferring what she keeps to what she wishes to get rid of? The speeches of Sir Louis Mallet and Mr. Howe, the verdicts, according to Mr. Cernuschi, of Asia and America, should they induce us to adopt his ideas?

The honorable Delegate of India showed us, with great clearness, the inconvenience of a monetary standard of declining value. Confirming and supplementing what I had the honor of submitting to you, he showed us how the fixed taxes, while nominally unaltered, have diminished, and can no longer meet expenditure of increasing amount. The deficit must be made up by an increase of taxes. That increase would be only apparent, for it would only counterbalance the depreciation of coin; but the people do not take account of the intrinsic value of moneys, and in their eyes to increase the number of monetary units collected by the treasury is always to increase the tax. That observation is thoroughly sound; it is as true for Europe as for Asia. It deserves the attention of governments. They must imbue themselves with this idea, that by weakening the monetary standard they steer straight towards an apparent increase of taxes, which will be accompanied by the same host of difficulties as if it were real. One understands, therefore, both how the Indian Government desires to see silver recover its value, and how England is not inclined to effect this by allowing the mintage of silver at home. Is there not here an eloquent lesson?

Mr. Howe's speech is not less instructive.

The honorable Delegate of the United States warmly protested against the idea that the great Republic he represents is aiming at a better market for the produce of its silver mines, those mines being only of very secondary importance to the immense agricultural and industrial development of the United States. Mr. Howe goes further, and wittily ridicules the mutual dispatch of precious metals traveling from Europe to America, and from America to Europe. International commerce is not carried on by cash, but by merchandise.

I entirely agree with Mr. Howe. But what remains then of the dangers of the balance of trade; of the export of European corn; of the impossibility of settling the balance of imports? What becomes both of the necessity of increasing the quantity of corn, and of the advantages of bimetallism in developing international commerce? Coin does not cross the ocean; how then can it act in settling or promoting commercial operations? We should have to impute to silver an invisible secret action derived from its mere presence, and like the catalytic influences of chemistry shrouded in mystery!

It is not on these incomprehensible effects, any more than on the providential predestination of the metals, that we can rely in

taking resolutions. We must keep to precise facts, and to attested influences.

Have I been mistaken in this respect in explaining the situation to you? You are too much of an optimist, Mr. Denormandie and Mr. Luzzatti told me; you send every body to the hospital, Mr. Howe tells me. These reproaches, however, really justify me.

I testified to the excellent position of gold standard countries; I acknowledged only one serious malady, that of the countries having forced paper currency, pointing out, however, that it was financial, not monetary. As to the Latin Union, with its so-called limping-standard, I was careful to show that its lameness is nothing serious, and will diminish. If I revert to this point, it is in order to give a word of reply to Mr. Seismit-Doda, who described a reproach in what I said of the influence of Italian paper money, and its abolition. Italy has accomplished a great work. I need not recall the sentiments of the Belgian Government towards her. Great achievements involve great expenditure. I did not, therefore, utter a reproach, but expressed a hope.

If, however, there is one State which sets aside all idea of illness, and of medical treatment, it is that of which Mr. Howe is the Delegate. All proclaim with one accord, the prosperity of the United States.

I admire, as all do, the splendid development of all their resources, and I also admire the unexampled energy which they display in funding their debt. If I differ from my honorable colleagues, it is in not feeling the same alarm that they do at this exuberance of wealth.

Mr. Denormandie, in his address, so replete with the charms of style, pointed us, in proof of the balance of trade not being an empty phantom, to the five milliards difference occurring between 1876 and 1880, between the exports and imports. But does not that very figure demonstrate the imaginary character of that balance? If the five milliards had had to be paid in coin, none, or scarcely any, would now remain in France. But the bank cellars, and the circulation are full of coin; it is still here, therefore, it did not go away, or if it went away it has come back. If such differences had to be paid in five-franc pieces, what would be the good of that panacea, the mintage of silver? It would only pay them for a few months or years, and what afterwards?

Mr. Howe also appears sometimes to feel this fear, that, failing a monetary circulation with a double basis, Europe will be for America a customer who can not continue business. But he him-

self reassured us by showing us that international commerce consists in the exchange of merchandise. If the United States send us the products of their agriculture or industry, they will take ours. It could not be otherwise, unless they wished to send them to us for nothing. I have no hope of that. But if that happened, I hold that, notwithstanding the balance of trade, which would be declared more and more unfavorable, we should be all the richer.

This idea of finding in bimetallism a means of developing international commerce, must be abandoned. There is another means, namely, to level the obstacles created by protective duties, to abolish the artificial barriers which obstruct the commercial relations of one people with another, and to give the activity of the world freedom of action. There lies the path of progress.

If I took the liberty of saying that Governments, and we who are their Delegates, are powerless—Mr. Denormandie reproached me with this—it is only on one point, namely, in efforts to establish a fixed ratio of the money metals.

Without going beyond our special subject, must we, because we abandon this impracticable idea, declare that there is nothing to be done? Mr. Lévy pointed out to me, a few moments ago, the important employment which silver would have if gold coins, and notes under ten francs, were abolished. And if this did not suffice, if in the Latin Union the five-franc pieces, notwithstanding the resumption of specie payments in Italy, remained dangerously in excess, would it be an intolerable burden for the 70 millions of inhabitants composing it to modify that circulation?

These are problems which, without prejudging them, I simply point out. The examination of them is neglected if we look only at bimetallism. It is not clearly enough seen that, whatever is done, bimetallism will always act as a sieve acts, keeping the bad and letting the good pass through.

There is one consequence of the debased monetary system which it will produce, to which, in conclusion, I call your attention.

London is now the great settling place of the commerce of the world. That position it doubtless owes, in a great degree, to its commercial importance, but it also owes it to the stability of its monetary system. People want to be paid in gold, recent proofs of which are the loan just being contracted by Hungary, and the loan announced by Italy. If you wish the great commercial centers of your countries to share one day with London the great

rôle of financial importance, you must have a monetary system as good as the English. To act otherwise is to shut yourself out from all hope. France, no doubt, will not wish to do this any more than Germany, who has told us her views on this point. Even in Belgium we have ambition enough not to renounce that hope. There is here an interest of the first importance.

COUNT RUSCONI, Delegate of Italy, replied in these terms to Mr. Pirmez:

Mr. Pirmez has just delivered a speech. Any speech by Mr. Pirmez always deserves praise; I begin, consequently, with praise. After this, let me be allowed to put some questions to him respecting what he has just said. The whole discussion turns on the definition of money. That was the Declaration with which I ended what I had the honor of saying the other day. Let us come to an understanding then; let us fix that definition. A multitude of interesting conclusions may flow from it.

Is money a merchandise? What character has it in common with merchandise? Is it sold? Is it bought? How is it paid for? Who makes money? Is it not the law? If law does not make it, how can it unmake it? Could the law abolish heat, electricity, and natural phenomenon?

Do not the precious metals lose nine-tenths of their value if they are deprived of the faculty of being converted into money? What has happened to silver, and what would happen, if the mintage of it were every-where suspended, prohibited? Would not that metal immediately lose nearly all its value?

Is not intrinsic value an abstraction? Is it not like the color which the multitude fancy they see in objects, but which is only in light? Now, just as color is in light, and not in the objects, is not value, as regards the precious metals, in law, and not in matter?

What is intrinsic value? Is not matter all equal? Is a molecule of gold worth more than a molecule of mud?

The Conference of 1878 led to nothing, I admit, but that was just why I did not then share in its conclusions, but was, with my colleague at that time, the only Delegate who refused to subscribe to the Declaration which Mr. Goschen had drawn up, and which everybody except myself approved.

Will Mr. Pirmez kindly answer one word—what is money?

MR. PIRMEZ. It is merchandise; but merchandise weighed and verified by the State.

COUNT RUSCONI. If the Conference makes that Declaration, all debate is certainly at an end, and the law of bimetallism, and of the ratio, becomes absurd and impossible.

MR. SEISMIT-DODA, Delegate of Italy, held, that the Conference having reached the term of the first part of its labors, could not separate without voting a motion affirming the necessity of doing something in the interest of the rehabilitation of silver with the ratio of 1 to 15½. He would have been happy to take the initiative of a proposal to that effect, but as recent events in Italy imposed an extreme reserve on the Italian Delegates, and obliged them to speak only in their personal capacity, he must confine himself to pointing out to the Conference the necessity of a motion of that character, and to declaring himself ready to support that which had lately been suggested by the Delegates of another Power.

It was, in fact, scarcely necessary to intimate, after the speeches delivered at previous Sessions by Mr. Luzzatti, by Count Rusconi, and by himself, that the Italian Delegates entirely agreed in the Declarations submitted by Mr. Denormandie and Mr. Cernuschi, as well as by Sir Louis Mallet, on the necessity of raising the value of silver, and establishing a fixed ratio between the two metals.

Without wishing to enter the wide field of theoretical discussion, which previous speakers had so brilliantly traversed in all directions, Mr. Seismit-Doda would content himself with putting to Mr. Pirmez a single question with reference to the monetary doctrine expounded in his last speech. The honorable Delegate of Belgium, said Mr. Seismit-Doda, stated that the ratio of value between gold and silver could not be fixed by law, and, a little further on, he spoke of the absolute value of the two metals. Now could Mr. Pirmez say what value is? Is there any absolute value in the world? Is not value always relative? He himself acknowledged this; but, then, may he not be asked whether it is the metal, white or yellow, which serves to buy the object required by the consumer, or to pay for the service rendered? Is it not rather the quantity, the monetary unit, whatever the metal may be, which serves for the remuneration of the service rendered, or for the purchase? The words themselves testify this, for the terms which serve to designate money imply an idea of quantity or number. Thus we call the coined metal *numeraire*; thus the Romans call it *pecunia*; that is to say, representing a certain num-

ber of sheep (*pecus*). These names rest on a true idea, for value as regards money is never determined except by the number of monetary units.

If it be admitted that it is the monetary unit which possesses the purchasing power, is it possible to have that unit in gold? Has not even the Latin Union had to renounce coining the five-franc gold piece which too easily became abraded? Could gold francs be manufactured and maintained as monetary units? Can you reckon in what proportion they would be worn out and lost? It is objected, indeed, that small change is already used, coined in silver at a lower rate. But if five monetary units, 885-thousandths fine, are accepted for five francs, why would not five monetary units, represented by a five-franc silver piece, 900-thousandths fine, be also accepted?

Mr. Pirmez does not admit that the law fixes what is called the value of money, because he asserts that gold and silver are merchandise; but he affirms, at the same time, that the precious metals have an intrinsic value. It is not very easy to comprehend what this expression of intrinsic value really means. The value of the precious metals may be considered as the result of the cost of production, namely, wages of workmen, expenses of extraction and transport, and of the bringing the metal into use. All these expenses constitute the cost price of the metal used for making money, but they do not represent the intrinsic value of money, and that intrinsic value really escapes calculation.

Reverting to questions of fact, Mr. Seismit-Doda stated that the original idea of this Conference, that put forward by France and the United States, and which consisted in fixing, or rather maintaining, the ratio of 1 to $15\frac{1}{2}$, had already obtained numerous and important adhesions. British India, he said, has openly rallied to it through the medium of Sir Louis Mallet. Germany, without confessing that she had taken a wrong road, manifestly feels an uneasiness, shown by Baron Thielmann's Declaration. Spain and the Netherlands have expressed the idea, in which Austria-Hungary seems likely to concur, that it is necessary to restore the value of silver and make bimetallism the basis of an international treaty between the various States of Europe and America.

Italy pronounces in the same sense. It would be wrong, indeed, to impute to her, as Mr. Pirmez has done, leanings to gold monometallism, because, in the loan she is about to contract, she requires two-thirds of the payments to be made in gold. If Italy

thus demands 400 of the 600 millions of her impending loan in gold, it is not solely through preference for gold, but from necessity. It is because she sees silver depreciated by the suspension of mintage in the Latin Union, by the gold monometallic legislation of Germany, by the very series of measures which she condemns and now asks for the withdrawal of. But, pending her obtaining this, it is the commonest prudence for her not to expose herself to become a sink for a debased metal, and, as well remarked in the Italian Parliament by Mr. Magliani, the Minister of Finance, "to become the monetary India of Europe."

The gold monometallist States are interested, like the bimetallist States, in the Conference not adjourning without having given at least some pledge to the populations impatiently awaiting its decision.

Baron Thielmann, on behalf of his Government, has declared that Germany was disposed to do all she could to facilitate the conclusion of a monetary treaty between the various States of Europe, and to prevent their suffering from the demonetization of German silver in the event of its being continued. He added, that Germany might slacken that demonetization, reduce it, effect it only gradually, or agree with the other States as to the manner of carrying it out.

Mr. Fremantle, also has made known that he came with the friendliest intentions to seek the means of arresting the depreciation of silver. It is evident, indeed, that England has a capital interest in not allowing to be perpetuated and aggravated those monetary difficulties of India, depicted to us in so striking a fashion by Mr. Cernuschi, as well as by Sir Louis Mallet, and which inflict on that great British dependency an annual loss of 15 to 20 per cent. on the 16 or 17 millions sterling, annually paid by her to the English Treasury.

Mr. Pirmez himself declared that there was something to be done, and, while twitting the bimetallists with exaggerating the evil, he acknowledged the existence of a real complaint which it is important to remedy. It is true his idea would be that the ratio of 1 to $15\frac{1}{2}$ must be altered, but does he fancy that such an alteration is practicable? Does he think it possible to demonetize the eight milliards of five-franc pieces now in existence? Whom will he advise to take the initiative of such a measure, of the losses it would involve, of the terrible crisis it would provoke?

Such a resolution is not now the point; the point is to reassure Europe, the two hemispheres, mankind, as to the value of one of

the two precious metals serving as a sign and expression of its wealth. The Monetary Conference of August, 1878, expressly recognized, whatever may be said to the contrary, the utility and urgency of measures framed in this sense; it proclaimed the necessity of rehabilitating silver. It is for the Monetary Conference of 1881 to confirm and to complete the vote of its predecessor, by declaring itself, at the very first phase of its labors, firmly resolved to advise the adoption of practical measures, with a view of raising the white metal from the discredit into which it has fallen. If the Conference should adjourn without expressing itself on this point, its silence would certainly be construed unfavorably to silver, and would result in a fresh and considerable depreciation of that metal. That is a result which every body must assuredly be anxious to avoid.

BARON VON THIELMANN, adverting to the words just uttered by the chief Delegate of Italy, respecting Germany's intentions, was bound to repeat the reservations expressed by him at the last Session. The Imperial Government, he said, has made no proposals to the Powers represented at the Conference; its Delegates have merely indicated the path which would have to be followed in order to arrive at an understanding; but the Berlin Cabinet reserves its entire freedom of action.

MR. SEISMIT-DODA replied, that he had simply taken note of the Declaration made at the second Session by Baron Thielmann, and from which it resulted that the German Government was quite ready to consider proposals tending to put an end to the depreciation of silver.

BARON THIELMANN declared, that in this way of putting it, he entirely agreed with the chief Delegate of Italy.

MR. DANA HORTON, Delegate of the United States, desired to present some remarks suggested by the interesting addresses of Mr. Seismit-Doda, Count Rusconi, and Mr. Pirmez.

After explaining that it did not appear to him possible, in the present state of the discussion, to have a resolution passed by the Conference which should condense in a few words the outcome of its proceedings hitherto, he observed that the practical difference between Count Rusconi and himself with reference to the desirability of endeavoring to induce the Conference to agree

upon a definition of money, was of analogous nature to his opposition to this idea which had been expressed by Mr. Seismit-Doda.

It would, perhaps, be but frank on his part to avow that his way of looking at these points was not merely individual, but depended, perhaps, upon a difference of race. These distinguished speakers were of the Latin race, while he belonged to the Teutonic race, and he supposed there was something in his blood which made him unwilling to put confidence in definitions.

For himself, he confessed that he never found difficulty in consenting, for the moment, to the expression "money is merchandise," if people insisted upon using it, and he thought that he could rebut the conclusions of Mr. Pirmez on that line as well as on another. It was for him a question of style, a difference of words rather than of ideas; he might add that there were similar differences between Mr. Cernuschi and himself. This was very natural; there were various ways of arriving at the same truth, and of presenting it to others. But precisely because of these different methods of presenting a subject, it was much better not to confound their methods together.

For example, said Mr. Horton, the honorable Delegate of Belgium, has done me the honor to mention one of my writings ("The Position of Law in the Doctrine of Money," page 174), which was presented as an exhibit in order to avoid the necessity of occupying the time of the Conference in theoretical discussions. Unfortunately, it is evident that Mr. Pirmez, although he seems to desire to reply to this paper, has not yet done me the honor of understanding it. If he should conclude to take that trouble, I should request him to take firm hold of the following point. The views which he expresses on the relations between money and law, touch upon a question, as it seems to me, which is very ancient, very difficult, and in a certain sense, incapable of solution. I allude to the question of volition, of the freedom of the will.

What are motives? What is it that forms a decision? Is it the motive, or is there a will?

Now, gentlemen, among practical men it is, I believe, agreed that freedom of the will exists. It is a fact which the practical man does not deny. But no more does he deny the existence of motives.

Now, law is, in a preponderating sense, the will of society. Is there no free-will here also? It seems to me that the law acts somewhat as the individual does. But, in saying that, I have no idea of saying that there are no motives for the law.

On the other hand, the honorable Delegate of Belgium appears to me to desire to lay the foundation of his theoretical argument against the existence of the will, by citing the existence of motives. Would it not, therefore, be better to lead him into the domain of practice, by asking him what would be the effect upon the ratio between silver and gold if England and Germany should form a Bimetallic Union with us?

MR. HORTON then read the following address:

Mr. President, and Gentlemen—At one of the preceding Sessions, mention was made of the views expressed, outside of the Conference, among the learned men who abound in Paris, concerning the aim and motive of our reunion.

The fact was thus recalled to me that a great deal had been written and said, in various quarters, about the United States, and about the reasons which had led my country to interest itself in the silver question, and that the press had largely reproduced these observations.

I can not say that it surprises me to observe a certain confusion of ideas with reference to the monetary policy of my country. This is the fourth time that I have come to Europe since my entry, in 1876, into monetary controversy as an apostle or advocate, in my way, of a Bimetallic Monetary Union, and each time I have been able to recognize the same phenomenon; it is all very natural; the New World is a long way off.

But when the great Republic of the New World, by the Conference of 1878, put itself in the chair to teach political economy to the nations of Europe, it caused a peculiar perturbation in the scientific mind. Gentlemen, it is to furnish information, in order to calm this perturbation, that I address you to-day.

You are aware, gentlemen, that grave works of philosophy, destined to exhaust some subject, are wont to commence by laying down general principles, *im Allgemeinen*, as our brothers of Germany would say. Following this example, I propose to enter upon our present subject by laying down general principles, and I shall do so by means of a parable, which, at the same time, is a true story.

In the month of October, 1868, I was in Switzerland, and as I was reclining on the slope of a mountain that looks down on the famous valley of Lauterbrunnen, opposite the Staubbach, I talked with my guide. Among other things, the good man told me that, further on, in a certain direction, were great forests, and in these

forests, large wolves, and very fierce; that these very fierce wolves were not native to these forests. But, said I, where do they come from, these wolves?

He answered me that *they came from America*.

I was struck dumb. There was nothing to be said. Gentlemen, I admit to you, in all frankness, that the man who said that was perfectly sincere. He had no prejudices; no ulterior purpose to serve. He knew nothing of the phylloxera, that fearful scourge, for which nature, and not man, in America, is responsible. The protectionists of the farming interest had not yet invented the trichina, or the diseases of American cattle, as a political instrument. No, on the contrary, the man's geographical and zoological science was the natural product of his naïve and simple intelligence.

Gentlemen, I think we can say as much of monetary science, when it speaks, as it speaks sometimes, of the metal silver and of the Americans. For my part, I can only say of these interpreters of monetary science, as I do of my man of Lauterbrunnen, *O, sancta simplicitas!* Oh, holy innocence!

Gentlemen, among the questions which have been suggested by speakers who have preceded me, are the following:—The present circulation of silver coin in the United States; the future production of the silver mines; the interest of the United States as silver producers; will silver from American mines be exported to Europe if the Bimetallic Union is formed? The need of enlargement of our present stock of metallic money; the motives which have led the United States to take the initiative in the formation of a Bimetallic Union.

I shall treat of these questions in the same order.

With reference to the circulation of silver in my country, three important points are to be considered:

First—We are accustomed to the use of paper; which, however, does not mean that we are not “metallists.” We simply allow the precious metals to act, so to speak, by attorney. They enjoy all the advantages of the rule of law, *Qui facit per alium facit per se*. Formerly, we had the system of gold certificates of deposit; now the greenbacks, payable on demand in gold, but never paid, because no one asks for the coin, are themselves, in a manner, gold certificates of deposit. We have also the silver certificates of deposit, which, like the bank-notes of our national banks, circulate on a footing of equality with the greenbacks.

Second—At the end of 1880, 31 per cent of our greenbacks and

bank-notes were of the denomination of 5 dollars or less, and 81 per cent. were of the denomination of 20 dollars or less, and so below the value of the smallest note (5*l.*) used by the Bank of England.

Third—The custom of using checks is, I think, even more developed among us than it is in England, and, in fact, is developed to an extent of which it would be difficult, I think, for one accustomed to the use of checks on the continent of Europe to form an idea.

In the state of affairs thus indicated, there is naturally very little gold and still less silver in actual use. - The pockets of the public contain neither the one nor the other in large quantity. As far as silver is concerned, the table given by the Director of the Mint of the circulation of silver dollars (November, 1880), indicates that, of the 72 millions coined, 36 per cent. circulated in specie, 25 per cent. by means of the certificates of deposit, while the rest were in the treasury awaiting distribution. A later statement (30th April, 1881), shows that 50 millions of silver certificates have been issued.

We can now turn our attention, for a moment, to the fear which has been so often expressed, that the mines of Nevada will increase their annual yield of silver. The honorable Delegate of Norway has recalled to us that, in 1878, the American Delegates (it was the Honorable Mr. Groesbeck of whom he was speaking) had announced that various silver mines in Nevada seemed to be nearly exhausted, and that the yield was diminishing. The fact is, gentlemen, that the figures given by Mr. Burchard, Director of the Mint, indicate a production estimated, for 1878, at 45 million dollars; for 1879, at 40 millions; and for 1880, at 37 millions (I shall present an exhibit which contains the exact figures); so that these views expressed in 1878 seemed to be justified.

But, in my view, the question of one or more correct predictions is here a matter of minor importance; I prefer to reply to the points made by the honorable Delegates of Norway and Belgium, with an admission of the probability that the free coinage of silver, the rise of its ratio to gold, will produce the effect of stimulating the production.

But, at the same time, gentlemen, I shall have to enter upon the record a formal protest against a claim which the honorable gentlemen seem to me to present; and that is, that they have, in their argument, the right to the advantages of two contradictory hypotheses at the same time. When an argument has been built on a legitimate prediction (that is, upon a calculation of probabilities),

it will not do to turn right about, so to speak, and construct an argument on a prediction diametrically contrary to the first. Gentlemen, the clause of "the most favored nation" regulates our relations, I admit. We have, here at least, all of us, monometallists, bimetallicists, two-metallists, free coinage in our arguments, freedom of exchange in our ideas; but that does not imply any rights which are not recognized *jure naturæ et gentium*.

If the rise of silver and fall of gold, which is to take place when the Bimetallic Union is established, is to bring about an enormous rise of prices (and, if I have rightly understood them, this is the argument of the honorable Delegates), there will be no more profit then than there is now in working silver mines; the same per cent. will have been added to the cost of producing silver which has been added to the gold price of silver.

But, gentlemen, let us accept, if you will, the hypothesis as it has been presented to us; admit, for a moment, that there will be an increase of 100 million francs in the annual yield of silver. What will be the effect of it? We have, according to Dr. Broch, 16 milliards (francs) of silver money, and there is an enormous mass of uncoined silver beside. Can you see, in an increase of $1\frac{1}{2}$ or 3 or 6 per mille, above the average annual enlargement of its stock of metal, a fact which contains any menace against the monetary peace of a world which destroys every year, and which has absorbed every year, for centuries, such an enormous quantity of the two metals?

As for the interest of the United States as silver producers, of course there are individuals who have a certain interest in a rise of silver. Any one who desires to take the trouble can calculate what this interest amounts to; and then, when he has made the calculation, it may be necessary to cross off almost the entire sum, on account of the loss which the gold-mining interest may suffer by reason of the fall of gold or loss of anticipated profit from its appreciation. But I think, gentlemen, that I have already indicated that it is rather the part of my philosopher of Lauterbrunnen, than a serious man, to attribute importance to the silver-producing interest in the United States.

Gentlemen, in our discussions there is question of the exportation of silver from the United States. In saying that rivers never ascend to their fountain heads, Mr. Pirmez has expressed, with his habitual *esprit*, the fear so generally felt, that American silver is about to inundate Europe.

Now, what are the actual facts? How much new silver coming

from the mines has been exported to Europe from America in these late years? I can not give the precise figures, I hope to procure them; but my belief is, that the yield of American mines has had for its market Asia, by way of San Francisco, and the American Mint. But, gentlemen, the United States produce a great quantity of gold. During the last 20 years they have produced far more gold than silver (rating these metals at $15\frac{1}{2} = 1$); and within the same period the United States caused their stock of gold coin to be transported to Europe, in 1862, 63, when the paper money was issued. I shall, therefore, say to Mr. Pirmez, as I was obliged to say to the Conference of 1878, if you predict for Europe an inundation of silver, why not also an inundation of gold?

A great country, which has 32 francs per capita of gold coin, and 12 francs per capita of silver coin (small change and dollars taken together), which possesses a vast and yet uncolonized territory, a country whose population increases in enormous proportions, a country which still holds its paper money to be retired, can certainly undergo the burden, at least for a series of years, of employing at home all that part of the annual yield of its mines for which Asia, by way of San Francisco, makes no demand.

But I can not believe that the honorable Delegate of Belgium is really in earnest in this matter.

As a former member of the Conference of 1878, he must know the object of that Conference. That object was the formation of a Bimetallic Union; and every one knew that the only practicable ratio for such a union was that of $15\frac{1}{2}$ to 1; and, therefore, it was the ratio of $15\frac{1}{2}$ which was to be established in the United States. It is generally known that since then the United States have drawn to themselves a great quantity of gold, and that the larger part of this gold has come from Europe, while the share of new gold from the mines which is kept in the United States, is much greater than formerly. Of course, this increase of the need of keeping at home the newly-produced gold has, in a certain sense, the same effect as an increased employment of gold which is met by bringing in gold from other parts of the world. We have to consider not merely the gold taken directly from Europe, but also the gold which, in what might be called a normal state of affairs, would have been taken to Europe, but which, in fact, is now held back in America.

Now, from the beginning, I must confess I have regarded it as the probable result of a Bimetallic Union, that dollars of the Latin Union, the five-franc pieces, would be recoinced into American

dollars. I remember having said, in the Conference of 1878, that the United States were drawing, and would continue to draw, to themselves a large part of the metallic stock of Europe, and that the question for the Conference was whether they should take silver or gold.

The Delegate of Belgium seems to have been very indifferent to this question. Unfortunately, it is a question which does not permit itself to be suppressed.

And it is still on the order of the day. People ask with great interest, how far the metallic stock of the United States is likely to increase.

Gentlemen, I am no prophet; I shall merely try to point out some elements for a calculation of the probabilities in this matter. Our paper money is not yet retired and replaced. To retire it, or to cover it entirely with a metallic reserve, would imply a contraction of the monetary basis of the world's business, by perhaps a milliard of francs. Each year we take actual possession of a great extent of land in the deserts of the far West; and every-where in this territory there will be a need to use cash. The banking system, the use of checks, is already developed to a very high degree. I know of no probable change in the direction of increased economy in the use of our stock of money, except, perhaps, the establishment of a national clearing-house. I conclude, therefore, that in a normal and prosperous state of affairs, the United States will employ, at least for some years, a constantly increasing stock of the money metals.

Let us ask, then, what would have been the result if the proposition of the United States, in 1878, had been accepted, if the coinage of silver had been free in the United States, if the United States had drawn to themselves silver instead of gold, what would have been the effect, I say, upon the state of business in Europe?

We have here a question of the highest importance, concerning which the honorable Delegate of Belgium also shows himself somewhat indifferent.

I remember that, in a Conference of 1878, I found myself forced to reply to remarks made by the honorable Delegates of Sweden and Norway, in defense of the gold standard, that the experience of their country favorable to this system by no means settled the question what would be the situation of these countries if the Bank of England should find itself compelled to protect its gold reserve by an extreme elevation of its rate of discount. I remember, also, that, some weeks after the Conference of 1878, I read in

the papers that precisely this event had actually occurred, in consequence of the exportations of gold to New York, and that affairs were taking a bad turn in the Scandinavian countries.

I ask myself whether it is possible that the great Bank of Belgium could be so entirely outside of the current of international business, that it can have been unconscious of the exportation of gold since 1878. I do not believe it, I can not believe it. Indeed, I should be astonished to learn that this great bank did not suffer considerable embarrassment, and that it did not employ its five-franc pieces with ability, as the astute bankers of Holland did, in maintaining its gold reserve. In fact, I may say that, if I am rightly informed, the silver five-franc pieces have made frequent and long journeys, have been sent about on every hand, have circulated with great rapidity between Belgium and France, at the instigation of those whose interest it was to hold back, to keep within the country, the Belgian stock of gold.

It is, therefore, a vital question, gentlemen, what would have been the effect upon the business of Europe, if America in these late years had taken five-franc pieces at a stable permanent rate, a rate guaranteed by the civilized world?

In looking for an answer, gentlemen, let us place ourselves upon a still higher standpoint; let us ask what would have been the effect if neither Germany nor other countries had suspended the free coinage of silver?

In those questions, I think, will be found one of the most effective ways of getting at the root of the matter, especially as this point of view of the *status quo ante bellum* has hitherto been a little neglected.

Gentlemen, the existence of a money-basis for the business of the world is a fact; it is not an abstraction, it is a reality. At any given time there is just so much money in the world. On this foundation rest all valuations, all systems of credit, all investments, all business, all prices of merchandise and of real property. It is also a fact, gentlemen, and a fact which must be equally respected, that under circumstances which we can now regard as normal, this basis increases every year.

Here, then, are the two controlling facts, a certain quantity of money in existence and the need of an annual increase of this quantity.

You may say, with Ricardo, that if this base were half what it is; if, for example, the world were using to-day 17 instead of 34 milliards of coin, money would render the same services to human-

ity as before. Gentlemen, this is absolutely true. Here, I admit, that the honorable Delegates of Sweden, of Belgium, and of Norway, are in the right. But, gentlemen, this saying of Ricardo's is true in the same sense as it is true that if it had pleased the destiny, which rules these matters, to make us all a foot shorter than we are, men would still be men. The thing is conceivable, gentlemen, but it is not practicable.

So, in the same way, if you suppress the intermediate steps, and strike directly for the result, you can say: "I find no inconveniences in a fall of prices. Indeed, it would be very convenient, metallic money is so heavy, we have to use such large figures in money calculations. All that ought to be changed."

But, gentlemen, it is not the result, it is the means of arriving at it that is important. Of course, I can say, if I wish to, that I should be perfectly content if I were to lose a foot of my height. But how are you to arrive at a height of five instead of six feet? Here is the question, here the difficulty, which the honorable Delegates of Belgium, Norway, and Sweden seem rather to evade.

The world of business, the world of men of enterprise, the world in the midst of which men of force and of capacity act, is an organism; and the motive which urges these men to the production of wealth is the hope of receiving a little more than they give; it is the difference between the cost of production and the price at which sale is made afterwards which makes the organism move. When all the prices at which sales are made are falling, when the force of gravitation which rules the world slackens, there is less movement, there is less production, less consumption, less success in business; there is embarrassment, there is a prolonged crisis, or, what we call in English, hard times. When prices rise, on the contrary, there is always an encouragement to production.

To sum up the matter, gentlemen, I hope that all will admit that the great problem of monetary legislation is, and always will be, to maintain the stability of the international and national purchasing power of money. Here is the ideal, stability. Now the organism of business is such, that when money rises in value there is a tendency on the part of the man of enterprise to cease to create wealth; while when money is falling in value there is a strong tendency to induce him to increase his production of wealth. *Prima facie* then, gentlemen, if it be absolutely necessary to choose between a fall or a rise in the value of money, we should choose the fall. If it be absolutely necessary to choose between a partial

exhaustion of the mines and an increase in the annual yield of the mines, we must choose the latter.

Such, at least, are the conclusions at which I arrived five years ago, when I entered into monetary discussion. I have never had the honor since then of hearing any arguments which directly applied to the question as it then stood. I shall, therefore, beg my honorable colleagues of Belgium, of Sweden, and of Norway, to consider whether I am not right, *prima facie*, as the question now stands, and whether the *onus probandi* does not rest upon their shoulders.

Now, gentlemen, the issue of paper money by the United States in 1862-64, and the issue of paper money in Italy, in 1866, had the effect of reinforcing the movement towards that more than normal enlargement of the money-basis of the world's business, which took its rise in the mines of California and of Australia.

Already, after 1870, this movement was checked, the production of gold was diminishing, when a contraction of the money-basis was commenced in a different way. The various measures adopted in different countries with reference to silver coin and bullion, had the effect of sending a certain amount of silver to countries where the circulation is slow, of keeping a certain amount of silver in the condition of bullion, of embarrassing the circulation of silver coin; that is to say, of preventing existing silver coins from performing their duties as money in the regular way. The effect of the monetary policy of the Western World was, therefore, to contract the money-basis up to a certain point. But this effect was produced just at a period when, from my point of view, the enlargement of the money-basis through the paper money of the United States and of Italy had ceased to be operative, and when the annual production of the two metals did not, in all probability, exceed the normal need for the annual enlargement of the money-basis. It was just then that this attack was made upon the metallic stock of the world.

Prima facie then, gentlemen, the persecution of silver had a great deal to do with the prolonged "hard times" which have followed 1873.

If answers could be made to the question which I have addressed to the delegates of the Conference with reference to averages of price, it would probably be found that the purchasing power of money has increased. But, gentlemen, with this you will not have taken account of all the loss. You will have calculated, so to speak, the *damnum emergens*, the actual loss, but will not have

taken account of the *lucrum cessans*, the loss of profit, which might otherwise have been gained.

You observe, gentlemen, that I do not speak of the damage suffered by commerce between Europe, Asia, and South America. This point has already been fully discussed before the Conference. I ask you, therefore, for the moment, to eliminate this point from our consideration, as far as this can be done. It is of the production and of the investments of Europe that I speak. If it be desired to consider the question as it appeared in England, to English scientific men, I shall have the honor of presenting you with some investigations into the fall of prices in England, as an exhibit to the Journal.¹

Gentlemen, I hope no one will suppose that, by what I have said, I mean that the free coinage of silver in the Western World would have prevented the crisis of 1873. This is, in no sense, my meaning. I merely say that, *prima facie*, looking to the facts as they stand, the crisis would not have lasted so long, would not have been so intense, if the free coinage of silver had never been interrupted. It is no answer to reasoning of this sort, to speak of the special events of the crisis of 1873, of speculations here and there, of railroads in America, and of stock companies in Germany; these are waves, gentlemen, very high waves, very disastrous waves; I recognize the fact; but what I am talking of is the existence of a tide.

Well, gentlemen, the tide is threatening us still. But it is the same tide which was threatening the world three years ago, when the United States convened the Conference of 1878. It was the duty of my country to contract the world's money basis by accumulating a stock for the restoration of payments in coin. What part of the two milliards of gold, which constitute our total stock, must we attribute to the monetary policy which aims at the retirement of the greenbacks? This is a question into which I have not time to enter. It is a branch of the matter at issue between Mr. Pirmez and myself, concerning the influence of monetary legislation upon the employment of different kinds of money. But I can not suppose that Mr. Pirmez would maintain that, had the paper money party in the United States succeeded in defeating the measure for resumption of specie payments, we should have had by this time the same stock of gold we have now. In any case, it will be necessary to ascribe to our monetary legislation the presence in the

¹ Exhibit A, p. 349.

United States of a large sum of gold, the dividing up of which, at the present time, among European banks, would, I think, produce a very agreeable effect in Europe.

Gentlemen, I do not believe that this second arbitrary and artificial contraction of the world's money basis has had a good effect upon Europe. I may add that, in my belief, it is not merely an occasional rise of the rate of discount in Europe which indicates either the *lucrum cessans* or the *damnum emergens* of monetary policy; it is the direction taken by capital.

Now, as we have already seen, this diminution, this contraction of the money basis, never would have taken place if Europe had accepted the Bimetallic Union proposed by the United States in 1878; inasmuch as the restoration of the free coinage of silver would have set free an amount of metallic circulation sufficient to supply the demand of the United States. Is there to be a third contraction? Is the ebbing tide to land Europe on the breakers which are ahead, but which may be covered by safe waters if the Bimetallic Union be formed. This Conference will, in the end, decide this question.

Meanwhile, I ask you to think of a further contraction of the money basis, which is possible. The silver money of Europe, gentlemen, if it were sold in India, the five-franc pieces, the thalers! There you have a terrible contraction, the result of the propaganda for the Gold Standard, against which, in 1878, the voice of England pronounced itself so clearly by the speeches of Mr. Goschen. I must confess it seems to me that, even in 1878, to oppose the propositions of the United States was like dancing upon a volcano.

What were the motives, gentlemen, which led the United States to take the initiative, in order to replace the monetary dead-lock inaugurated by Germany (imitating England), by a new balance of power in the Western World?

I reply that, in the first place, the degradation of silver in the Western World acted, so to speak, as a conspiracy against us, the object of which was to prevent us from putting an end to the paper money régime to which the civil war had subjected us.

I do not say that any one was conscious of being such a conspirator; I merely say that, if any one had desired to prevent the restoration of specie payments in a nation which had enormous debts, and an inexportable and depreciated money, he who should prevent silver from remaining an international money, he who should bring

it about that the money basis of the world should be contracted, would have made a great step toward his aim.

The blanket, gentlemen (to recur to the figure used by the great German statesman), would have been made narrower artificially, and there would have been no place under it for the United States. Convinced myself, five years ago, that the United States would, in any case, have the power to procure all the gold for which it would have need, I was persuaded that, to contract by force, and by a considerable quantity, the money basis of the world's business was a dangerous, perhaps, even a disastrous, course.

To conclude, gentlemen, our paper money, as you know, is not yet retired; our country, like the rest of the world, has suffered much; we have more than two milliards of gold, notwithstanding the non-retirement of the paper money; and we are in a much stronger position than that which we occupied in 1876, when the discussion of the silver question began, and also stronger than that which we occupied at the date of the Conference convoked by the United States alone. But, gentlemen, we are still here as the representatives of a Government which invites the Western World to form a monetary union, in spite of the fact that this monetary union imposes upon us the condition of replacing a part of our gold stock with silver dollars coined out of melted European coin.

Gentlemen, we are very selfish in making this invitation. We still think that it is not desirable that the money basis of the world's business should be artificially contracted, that the normal enlargement of this basis should be artificially prevented; and we think that the lack of a *modus vivendi* between gold and silver, concerning which so many able addresses have already been made before you, is injurious to commerce and to international investment, and hence to the world's prosperity. We do not wish to suffer ourselves through contraction, and through the absence of a stable bar between gold and silver; but we still think that other countries have an interest in this monetary union at least equal to ours; indeed, we have a certain confidence that, in any case, we shall not suffer as much as the rest of the world.

It is our interest that other countries should be put in condition to do as we are doing, to put an end to the régime of paper, which is an unstable, inexportable money; and it is our interest that each specie-paying country here represented should procure, as the basis of its business, what it has not now, an international money, money of silver and gold, the most stable money of which history furnishes us an example. We believe that, if it could be done without too

great a contraction of the money basis of the world, without provoking serious disturbances in the economic world, the restoration of specie payments in Italy, in Austria-Hungary, in Russia, or the maintenance of their paper money at par, would be a benefit for all countries which have relations with these powers; and we believe that the formation of a Bimetallic Union will advance the possibility of such progress.

In a word, it is our interest that the whole world should be prosperous.

You see, gentlemen, that a common-place of political economy is thus become the creed of a nation.

You see, also, that we have attained the *ne plus ultra* of selfishness. Our selfishness has continental dimensions; it extends from China to Russia, by the way of San Francisco and New York. In the words of the psalmist: "Its line is gone out through all the earth; it is like the sun; its circuit is unto the ends of the heaven; and there is nothing hid from the heat thereof." For myself, I avow to you, I am so selfish that, when I think of what the formation of a Bimetallic Union may do for the progress of civilization, I am really pained at hearing discredit thrown upon the interest, the right to be heard in this matter, of paper money countries like Italy and Austria.

But I can cite to you other instances of American selfishness.

In 1776, for the colonists rebelling against the tyranny of George III, nothing was more important than to have it known why they rebelled; so, likewise, gentlemen, Lincoln's proclamation freeing the slaves, in 1862, was expedient as a means of giving new strength to the nation in its conflict with the rebels.

Here, therefore, you have before you two measures, plainly of a nature to serve private, selfish American interests, the Declaration of Independence and the Abolition of Slavery. Well, gentlemen, the Bimetallic Union belongs to the same family.

Do you suppose that the declaration of Jefferson and the proclamation of Lincoln would have been crowned with the same success had they meant nothing for humanity? No, gentlemen, you do not believe that; and it is in this fact, which you thus recognize, that you have a guarantee that the United States will not remain content without continuing their efforts to realize this union. As I have said to you, we are in a position to wait. Three years ago, we offered monetary peace to the great powers of the world; so, at least, as one of the envoys who crossed the Atlantic to bring you our proposition, I myself, interpreted it. The Great Powers

preferred war; and they have had war. It is in the thoughtful and earnest utterances of Mr. Denormandie, in Sir Louis Mallet's noble address, in the magnanimous Declaration of the German Empire, that we can recognize the melancholy truth.

For the United States, gentlemen, Christendom to-day, in this matter of the conflict of monetary systems, is, so to speak, in a leonine partnership (*société léonine*), in which destiny has assigned to them the part of lions. If ever a people had the right to use that bitter irony, it is we, who can say *Beati possidentes*, blessed are they that possess. Spoiled children of Providence, owners of a continent replete with wealth, inheritors of civil order, of liberty, of peace, if we desired to indulge ourselves in a selfishness that should be narrow and blind, we have now the opportunity. But we do not say those cruel words. If I must seek a formula, similar in form to that which we thus renounce, you will pardon me if I claim the right rather to say, as I had once occasion to say three years ago, *Benedictus qui venit in nomine veritatis*, blessed is he that cometh in the name of truth.

MR. CERNUSCHI, Delegate of France, wished to offer a few observations in reply to the speech of Mr. Pirmez. He congratulated himself that the honorable Belgium Delegate had been good enough to credit him with logic. Logic, said Mr. Cernuschi, is, in monetary as in mathematical matters, the master quality, the indispensable guide.

But how are the other bimetallists less logical? Mr. Howe has said that Europe and the United States should definitely fix the international legal ratio between gold and silver. Sir Louis Mallet has said that the ratio $15\frac{1}{2}$ must be adopted, and that ratio, henceforth accepted by all bimetallists, is even approved by the monometallists, such as Mr. Broch and the London "*Economist*."

Mr. Rusconi has rightly said, you only wander at hazard as long as you are not agreed, on the very principle of money. Money, it can not too often be repeated, is not merchandise.

It was invented expressly to serve as a medium between all merchandises, just as the broker serves as a medium between merchants, yet is not a merchant. If the money metal had continued to be merchandise, we should still be without money. The money-metal is not valued any more than the meter is measured. It is objected, indeed, that it may change value just as a meter of bad metal may vary in dimensions. But that is an internal variation, so to speak, which is guarded against, as far as possible, by taking as money the

two metals whose masses are least changeable, silver and gold, and by combining them by the bimetallic law, just as for a good pendulum several metals are employed, whose variations of volume neutralize each other. But it must be repeated; no more than the meter is measured is money bought or sold. Were it otherwise, were money purchasable and vendible, there would be no money; there would be barter.

Until 1874, no producer or owner of silver, in any country, had ever furnished a kilogramme of silver, nine-tenths fine, for less than 200 francs, nor a kilogramme of gold for less than 3,100 francs. That was the ratio which France had made a matter of public and universal law, by coining, for all comers, any quantity of either metal at $15\frac{1}{2}$. It is true that the English, subject to gold monometallism, had, at one time and another, required silver for Asia, and had come to search it in France, by means of a premium above the $15\frac{1}{2}$ par; and again, that when they received bars of silver at London, and had no immediate use for it, they exported it to Paris to barter it for gold, by means of a premium above the $15\frac{1}{2}$, in the opposite direction, for the French gold; but these facts do not justify the statement that one metal was "cheaper" and the other "dearer." These facts prove that English monometallic legislation was inferior to French bimetallic legislation. Had England herself been bimetallic, she would not have paid premiums above the French rate, now on silver and now on gold. Let England adopt international bimetallism, and those ridiculous expressions of "cheaper" money-metal and "dearer" money-metal will no longer appear either in books or in newspapers.

Mr. Pirmez, affirming that bimetallism can not possibly be established in the future, and that the fixed ratio of 1 to $15\frac{1}{2}$ could never maintain itself in the past, cites, in support of his assertion, the example of the Netherlands, Portugal, and the United States; but what is such an argument worth? What matters it that Portugal has vacillated, that the Americans have passed from the ratio of 15 to that of 16, that the Netherlands were mistaken in adopting, in 1816, the ratio of 15.875, too favorable to gold as compared with the French $15\frac{1}{2}$, and which made them a gold monometallic country, until legislation, in 1847, demonetized that metal? What matter all this if the French ratio of $15\frac{1}{2}$ has every-where and always governed the relative value of the two metals throughout the world? No other legislation has been able to survive or prevail. Two different ratios can not co-exist on the globe. It is not possible for the two metals to circulate simultaneously here at $15\frac{1}{2}$, and there at 15

or 16. The United States are quite aware of this. Their 15 made their gold emigrate to Europe, just as their 16 made their silver emigrate. This is a historical and undeniable proof that the 15½ could never be shaken; that until 1874 there was every-where identity of value between 1 kilogramme of gold and 15½ kilogrammes of silver. Ask the Indian Treasury; it will tell you there was a constant par of exchange at 15½ between the silver rupee and the gold sovereign.

Mr. Pirmez has a perfect right to recall the reservations made by the Delegates of Belgium, in a monometallist sense, in 1878, but, as already indicated by Mr. Howe and Sir Louis Mallet, the work of that Conference has been judged by its fruits. It has perpetuated monetary anarchy, and that anarchy has caused the evil now suffered from, of which every one complains, and which there is nobody who does not desire to remedy.

Mr. Pirmez and the monometallists threaten Europe with more terrible evils, with dreadful crises, if it listen to the counsels of the bimetallists, but are the bimetallists those who claim to make a monetary revolution? According to their opponents it would seem as if they were trying to introduce silver side by side with gold, whereas, it is really the gold monometallist who have been trying to expel silver, and could not and can not succeed.

Mr. Pirmez has drawn another argument from Hungary effecting her last loan in gold, and he has inferred therefrom the superiority of gold to silver. Strange reasoning! If the loan is in gold it is because the gold monometallists have succeeded, by changing the laws, in depriving silver of its old monetary value. The monometallists proscribe silver as international money, and then, when international operations have been made with the only metal now coinable in Europe and the United States, they say silver is good for nothing. They do the mischief and then accuse their victim of it.

It would be well if Mr. Pirmez would consider afresh the balance of trade question. He denies it and denies its effects. Yet that balance is a reality. To take account of it, one must consult not so much the statistics of incoming and outgoing merchandise as the actual departures or entries of money-metal. Within a year steamers have taken several hundred millions of gold from Europe to New York. Can the balance of trade be denied? Why, is not almost the main function of metallic money that of settling international balances? Primitive nations, it is true, having no money, but being condemned to barter, did not pay bal-

ances of trade. They were ignorant of monetary crises, just as they were ignorant of railway accidents and steam-engine explosions. Would you revert to that rudimentary state when products were exchanged for products without a monetary medium, and, consequently, without the possibility of a commercial balance to receive or pay? Moreover, paper money, national money, might suffice for purchases, sales, and loans between fellow-countrymen. Metallic money is an international necessity.

Mr. Pirmez does not deny the uneasiness of the countries called limping bimetallism countries, because the coined silver, though unlimited legal tender, is not, like gold, freely coinable. He acknowledges that something must be done for them, but he rejects the only remedy by which they can really profit, non-limping bimetallism; and he proposes no substitute, for that name can not be given to the suggestion he made of reducing the nominal value of silver coins. You might as well reduce the size of the notes in a paper-money country, or declare, for instance, that 100-rouble notes shall henceforth be worth only 60 roubles. As for the paper money States, it is idle to distinguish between their monetary policy and their financial policy. The two are only one, and without international bimetallism the resumption of specie payments is almost impossible in Italy, Austria, and Russia.

I can only beg the honorable Delegate of Belgium to submit in writing, before our next meeting, precise proposals as to the measures to be taken to put a stop to the present *morbus monetarius*, and I can only invite him to fix his attention on the fact that the heads of the great European banks, the Governors of the Bank of England, Bank of France, Bank of Germany, Netherlands Bank, and Bank of Italy, are all, without exception, favorable to bimetallism.

Assuredly, France is not the country most menaced. Her five-franc pieces are henceforth unexportable. They can not be put into the crucible without an enormous loss. They are in truth only a kind of paper money, without international use. That is an evil, a great evil. But, in point of fact, France has not hitherto suffered from it. The five-franc pieces are at par with the gold francs, and indirectly with the pound sterling. The French Budget shows no loss from the monetary disorder, whereas the Indian Budget, for six years, has been undergoing an annual loss of 20 to 30 millions of rupees, a loss entirely due to the disappearance of French bimetallism.

French merchants do not carry on the same enormous trade with Asia as the English. They have not to bear the losses and risks

of a debased and always uncertain exchange. No petition has been addressed to the French Chambers praying for the re-establishment of the value of the rupee and the tael. A good harvest would suffice to stop the export of gold by Calais or Havre. France might wait. If she is bestirring herself, if she is laboring in concert with the United States for the monetary rehabilitation of silver, it is in the universal interest. She will certainly derive advantage from it, but that advantage will not be to the disadvantage of any other nation, just as the profits of other nations do not turn to her detriment.

Mr. EVARTS, chief Delegate of the United States, then addressed the Conference (in English) as follows :

Mr. President, and Gentlemen of the Conference—The first disturbance in what was a satisfactory condition in the working of the money market of the world, become so by either a fortuitous or a circumspect consent which had obtained between the nations theretofore; the first disturbance in that condition of things grew out of the debates, and came as a sequel of a Conference that really had no function or duty in the matter which we now discuss. The Conference of 1867, meeting for and undertaking to treat that important consideration of convenience and utility, the unification of the coins used in the computations and transactions of the world, naturally, under a scientific, a mathematical, a symmetrical consideration of the subject, felt as if there were but one metal money in world, it would be easier to have a universal system of coinage. Bent, with the zeal of their work, upon accomplishing that secondary result, and finding that the reduplicated impediments grew out, both of the use of the two metals, and of the great diversity of coinage in the two, they thought that the way to get at a unity of coinage was to have but one metal in the service of the world for its money. This was a clear subordination of the end to the means; this was a sacrifice of money that could not be spared in its volume and in its force, in order that the symmetry of the mintage might be more conveniently attained. This was in the nature of a sacrifice of the great and manifold transactions of an open commerce to the convenience and the simplicity of the bookkeeping which records it.

Unluckily, this scientific appreciation fell upon two great countries under circumstances which hid, perhaps, from their eyes the mischiefs, and made of less consideration the responsibilities of an effort toward the demonetization of silver. Germany, interested

in its own unification, the great political transaction of our age, found political reasons why the unity of money in Germany was of great importance to the unity of society and of the State. Then this unhappy idea that, as the diversity was most in the silver, and the habits, antagonisms, and preferences of the people were most involved with the silver, if you would unify the money by having only the gold, the Empire with its golden currency would easily master the suppression of the diversities of the inferior coinage. In the United States, these ideas of the Conference of 1867 reached us when we were using neither silver nor gold, and when the public mind was inattentive to the consideration of so intimate, so comprehensive, so universal an influence upon all the interests of a State as a change in their money might exert. In the presence, then, of the fact that neither silver nor gold was the practical and present money in our daily use, the money in which we, to the common apprehension, had to accommodate our relations to the other nations of the world, the movement took place by the Act of 1873, a coinage Act, as I understand it to have been; which, under this unlucky incident of regulating coin, has seemed to suppress one-half the intrinsic money of the State.

In 1878, the United States, looking back upon their grave experience in relation to disordered money, looking forward to the great restoration of the firm footing of money on a metallic basis, which they had planned by legislation, and to which they were shaping their financial energies; and seeing that the question whether our currency at home could be made stable and safe in its relation to intrinsic money, and whether we could, in the anticipated renovation of our commerce, for which we were preparing, hold that share of the intrinsic money of the world that was necessary for our transactions of domestic traffic and foreign commerce; in this situation, I say, the United States came to the conclusion that, as there never had been a time in history when both silver and gold had not been necessary and been used as money—as there never had been a time in history when their united strength was more than adequate for the unfolding progress of society, so above all things, at this age and in the actual circumstances of the world, was this true. In the immense development of representative or secondary money—in the immense expansion and the international relations of commerce, and in the multiplication of the daily uses of money, brought about by rapid transportation and telegraphic communication—the attempt at a permanent basis for our domestic circulation, and for our participation in the

commerce of the world upon less than the broad basis, the united strength, firmness, and fixity of the two metals, seemed a vain hope.

This led to our legislation of 1878. You will readily understand that in face of the movement in Germany, in face of the disorder apparent in the Latin Union system, in face of the discrepancy between the Indian circulation and the home circulation of England, it was not for the United States, however firm their faith, however assured their principles, to throw open their mint, as the only one in the system of Western nations, to the free coinage of silver. We undertook, then, its limited coinage—we gave the coined dollars full legal tender faculty—but the mutation of the metal into coins was reserved to the Government. This method did not accredit silver as entitled to be turned by its owners into money by the stamp of our mint, but allowed only an acquisition of the bullion, and the conversion into coin by the Government on its own account. It is not necessary for me to allude to the diversity of political or economic opinions which led to the bill taking the precise form it did. That it did not overlook, that it was made in full appreciation of, an international situation, is proclaimed by that clause in the bill which provided for the calling by our country of a Conference of nations on their monetary system. The problem that was too much for any one nation—the problem of a fixity of ratio between silver and gold, which should make one money out of the two metals for all the world—was to be made the subject of joint consideration by the nations most interested in that problem. The nations took at least no offense at this invitation, and the politeness of the French Government gave us all the hospitality for that Conference that they could have accorded to it had it been called by France. But what was that Conference in its attitude, either of hope or fear? What conclusion, what result flowed from it? Germany was not represented at all. England was present in the body, but absent in the spirit. France and its group of nations occupied only an expectant attitude. The United States found, to their appreciations, to the arguments by which they supported them, to their warnings, to their fears, to their hopes, no response that, by way of action or by way of assurance of action, they could carry home as a result. But we did obtain from the Conference this conclusion, this concurrent sentiment, that, if nothing could be done or promised in the direction which we desired the movement to take, nothing could be tolerated in the opposite direction; that the united nations entertained a hope that natural causes would bring a reaction to set things right, and that

their best wishes for so desirable an end would accompany any efforts that the United States, or any other Power, might make to relieve the situation from its admitted difficulties and dangers.

The United States Government was not disturbed in its convictions, nor swerved in its conduct, by the imperfect treatment which the subject received from that Conference. It has gone on with its coinage, resumed specie payments, has had an unbroken progress in prosperity, in wealth, and in its greater and greater mastery of the money question. It is disturbed by no new troubles at home, but it has waited until the mischiefs of disordered money should make themselves more apparent to the appreciation, or, at least, to the responsibility, of the European nations; and now, how different an aspect from that of the former Conference does this assemblage, which I have the honor of addressing, present to-day to the nations of the world. Germany is represented. Germany exhibits an appreciation of the disastrous outlook, and its desire that the money of the world should be put upon a better footing. Germany gives good wishes and sympathy towards the success of any such movement. But Germany, besides, proposes to take, by such means as are within its competency in deference to its domestic affairs, some share of the burden—to bring some force towards the energy which is to furnish relief—some contribution towards the result aimed at. I gather that, when a great Power like Germany sees an object to be desirable, commits to it its good wishes, gives it its sympathy, and promises its contributory aid, it is committed to the success or the failure that may attend the movement. It is not for a great Power to desire, to applaud, to approve, to give help to a movement among the nations, and then to have it fail. It is not for a great Power in a common object—a common benefit—to be satisfied to contribute inadequate, inappropriate, or unseasonable means. Great Britain, for India and for Canada, presents most effective concurrence and most important aid in the propositions and in the movement which we have at heart. For itself, in words not of mere courtesy, but of substance and sincerity, Great Britain says, by its own Delegate, that it will lend an interested ear, give a responsible attention, to whatever this Conference shall propose. France, no longer expectant, is in full accord with the United States in the promotion of the Conference, in the matters, in the purposes, in the principles, in the *sine qua non* upon which success depends. All the other nations are represented by able advocates and experienced men of affairs, who take an active part in the deliberations on the mischiefs, in an estimate of the

methods of their cure, and show in all things a purpose to conciliate, and not to aggravate, differences of opinion or policy, and to reduce the opportunities of discord.

When the United States, too, presented itself at the last Conference, the aspect in which its participation seemed most to strike men was, that it was in promotion of interests that might be natural and honest, but were limited and special: I mean its production of silver, and considerations connected with its public debt. The magnitude of this debt, the necessity of its payment by what was the money of the bond; that is, by the silver or gold money of the United States of ascertained weight and fineness, raised the suggestion that the performance of that obligation was expected to be assisted by remonetizing silver—by placing what was called the inferior metal, the cheaper metal, at the service of the Government in the maintenance of the public faith.

Well, the representatives of the United States, at the former Conference, met and answered those suggestions, and the course of things in the United States since has dispersed all imaginations, even of their special or sinister objects in the matter, into thin air. The question now put to us is, as is obvious every-where in the progress of this Conference; the question now put to us is, “Why is it that in your wealth, your strength, your manifold and flexible energies and opportunities in the conflicts and competitions of the system of nations represented here—why is it that you feel concern for mischiefs which carry no special suffering or menace to you, or anxiety as to the methods of their cure, when you are so free-handed as to the methods and resorts at your choice? Why should these evils that have grown out of a short-sighted and uncircumspect policy, as you (the United States) think—why should you so persistently call upon all the nations to unite, and put yourselves, as it were, on the same footing of danger and solicitude with them?” The answer on our part is simple and honest. It needs no ingenuity to frame it, and it asks no special courtesy or confidence on your part to believe it. It is our interest in the commerce of the world, and we consider no question of the money of the world alien from that interest. Why should we not feel an interest, and an urgent interest, in the commerce of the world? We are seated on a Continent, so to speak, of our own, as distinguished from Asia and Europe. We are nearer to Europe and to Asia than either is to the other, and if there is to be a great battle between Eastern and Western commerce, and a public and solemn war declared between the silver of the East and the gold of the West,

who so likely to make the profit of the interchange between those moneys, and, necessarily, therefore, of the interchange between the commodities that those moneys master?

But there is another striking position of our country, not geographical. It is, that we more than all nations, perhaps first of all nations, in the history of the development of commerce, that our nation holds, in either hand, the great products of staples, of raw material, and the great, the manifold, the varied products of skilled industry, which we have developed and organized, and in which we contest with Europe and the markets of the world. We propose to furnish the products of our agriculture, which feed in so great share the laborers of Europe and the machinery of Europe, as inexorable in its demands as the laborers; and we propose, also, to deal with the world at large in the skilled products of industry in every form applied to those raw materials, and prosecuted under the advantages of their home production. We contemplate no possibility of taking place with the less civilized or poorer nations—to sit at the feet of the more civilized and richer nations. We have no desire to place ourselves on the side of skilled industry, in the position of a superior nation to inferiors, though they may depend on us for this supply. We occupy—quite as much as in our geographical position, in this aspect towards the different forms of wealth, production, and industry—an entirely catholic and free position, having no interest but the great interest that all nations, as far as money is concerned, should not be embarrassed in trading with us, and that we, so far as money is concerned, should not be obstructed in selling our raw products to the skilled nations of Europe, or the products of our industry to the consumers in less developed nations. Besides this equilibrium of selfishness, which makes the general good our good, we are free from any bias in the matter of the production of the precious metals, trivial as that is in comparison with the immense and fervid march of commerce. We produce the two metals equally. Out of the same prolific silver mines, even, the same ore gives us 55 per cent. of silver and 45 of gold. How could you imagine a nation, in regard to its production of the precious metals, more indifferent as to which is made the master of the world? It is a bad tyranny that we resist. It is the possession of freedom and of power in the commerce of the world by the service of both these metals, in place of the mastery of either, that we advocate.

What, then, are the functions and service of money, not in the abstract, but in reference to the actual development of the indus-

tries and commerce of the world? What in the present, and what in the near future, are the conditions under which this office and service of money are to be performed? What are the impediments that exist, either in the natural properties of the metals or in the habits, the associations, the repugnances, the preferences of mankind? What in its history—what in its institutions—are the embarrassments in regard to what, as an abstract idea, every one must applaud and every one must maintain to be a desideratum—a fixity of the unit of money all over the world? What, in a word, has already been done in the progress of affairs towards this desideratum? What remains to be done? What is there, within the resources of courage and wisdom, in the voluntary action of the nations? What is it competent, within the courage and wisdom of this Conference, for it to propose that shall accomplish, or shall promise, or shall tend to accomplish, this great result of placing the money of the world abreast with its burdens and responsibilities, and untrammelled in the discharge of them?

It is hardly necessary to recapitulate the principal duties of money, but they have always been of a nature that presented itself in a double aspect. From the time that money needed to be used in any considerable volume, and for any considerable debts among the advancing nations of the world, there never has been a time in which the money for man's use did not present itself, in reference to its service and duties, in two aspects. One is to deal with the petty transactions of every day and neighborhood use, where the smallest of transactions required money susceptible of easy division. The other, for a transfer in larger transactions required money to be used in the mass, and with a collective force, money that was capable of easy multiplication, and of easy management in aggregate values. But, besides that, there soon came to be a use of money between the distant parts of one country, and between distant countries, and so, an opportunity for disparity in the treatment of money in these opposing aspects, with no longer a common sovereignty that could adjust them one to the other. In the progress, so rapid, so vast, so wide, of the interchange of the products and industries of the world, there came to intrude itself, more and more necessarily and familiarly, the elements of distance in space and remoteness of dates of beginning and closing transactions. These developments of commerce alone embarrassed both of these moneys in the discharge of their double duty, were there no exposure to discord between themselves. But, long ago, this ceased to be the limit of the trouble. The actual

service of intrinsic money in the transaction of the petty traffic and the great commerce of the world, in providing for its own transfer from place to place, within a nation, or from country to country, across the boundaries or across the seas, made it impossible for the volume of both the metals that the bounty of nature could yield to the urgent labor of man, to perform the task. Every form and device of secondary money, of representative money, which the wit of man could compass, and which could maintain its verity as money by its relation to the intrinsic money of the world, was brought in to relieve the precious metals from the burden under which, unaided, they must have succumbed. All these forms, whether of bills of exchange to run between country and country, or of notes or checks at home, or of paper money, all are but forms of credit. While, then, they relieve intrinsic money from the intolerable burden of actually carrying the transactions of the world, they burdened it, so to speak, with moral obligations which it must discharge. All this vast expanse of credit in the developed commerce of the world, rests finally upon the intrinsic money of the world, and if you would have fixity, unity, and permanence in the credit operations of the world, there must be fixity, unity, and permanence in all the intrinsic money of the world upon which that credit rests. This credit is, almost without a figure, a vast globe, and this service of the precious metals to sustain it is that of an Atlas, upon whom the whole fabric rests. The strength of both arms, nerved by a united impulse of heart and will, is indispensable; neither can be spared. Consequently, if there should be any considerable failure in their force, or any waste of it by antagonism between the metals making up the intrinsic money of the world, the credit of the world is deprived of what nature in supplying the two precious metals, and human wisdom in regulating them, together, are competent to supply for its maintenance.

In the deliberations of the former Conference and the agitation of the subject since, in the several countries now engaged to concert anew some method for relieving the existing difficulties, all these general traits of the subject I have named, all these burdens, and all these essential ideas seem, in the abstract, to be commonly accepted by the world. Nature has given, and still supplies us, with adequate material for our money as its share in the proposed transaction; reason has been developed, the power of government in the nations convened, has been brought to its highest force, not of caprice or of dominion, but of the expression of the will, and

of the wisdom of the people themselves. With these resources for its correction, our first duty is to look at the nature of the evil and its extent. A very interesting and very clear-sighted examination of the subject, in this light, has been presented to us by the honorable Delegate from Belgium, Mr. Pirmez. He naturally and wisely has thought that, as preliminary to the provision of means for correcting the mischief, we ought to be sure that the mischief exists. The view presented with so much interest and force by Mr. Pirmez, was to bring this into doubt, and bid us to consider whether we are not really under some serious misapprehension respecting the gravity of the situation. A story is told of one of my countrymen that, alarmed at home, by failing eyesight, and frightened into a dread of blindness, unwilling, even, to admit to his family or friends the possibility of such a calamity overtaking him, he took passage for Europe, to be able to consult the famous oculists on this side of the water, on his disastrous condition, without revealing it at home. The oculist relieved his fears at the expense of his intelligence. He assured him that, so far from cerebral or nervous disease causing his difficulty, and threatening him with greater calamity, all that ailed him was that he had reached a time of life when the sight needed to be reinforced by spectacles! Now, we Delegates of the United States, it would seem, have come across to this Conference to learn that all our anxieties will be dispelled by the simple remedy of putting on Mr. Pirmez's spectacles; that, seen through them, all the disorders which had excited our solicitude will disappear.

But, after all, Mr. Pirmez is scarcely willing to treat the anxieties and fears of the nation as wholly chimerical. His division of the countries into three groups, whose distinctions he describes, at least admits a difference in the degrees of satisfaction and safety in which they may safely rest. Mr. Pirmez thinks that his first group, that is, the gold nations, are in all respects safe, secure, contented; that they see no reason to change, and give no prospect that they will change; but then, this group of gold nations really ends with the Scandinavian States, Sweden, Norway, and Denmark, and with Portugal. Their repose and serenity, it is said, is due to their shelter under the protection of the gold theory. It seems to me rather that these fortunate nations enjoy the happy position which Horace's famous simile has made known to mankind, of those who, from a high promontory, watch the naval engagement below in its dangers of battle and of shipwreck, secure against either. It seems to me that when he comes to apply his

proposition of the gold basis being safety, it limits itself to those nations who, happily for themselves, are not largely involved in the strifes or vicissitudes which attend the vast transactions in which the capital industries and commerce of the great nations are involved. No doubt, their health, their repose, their serenity, are just subjects of satisfaction to themselves, and of envy to their troubled neighbors. Nevertheless, their experience does not go far to solve the question whether resort to the gold standard will help those who need help. "They that are whole need not a physician, but they that are sick." When we return from this ease and serenity to the discomforts and dangers that effect countries like England, the great gold nation, and Germany, the recent convert, it is admitted that there is disturbance, that there is anxiety, that there is dislocation, that there is need, and that there is hope of an improvement in their money system.

Another of Mr. Pirmez's groups is that of the paper-money countries, which include two of the Latin Union States, Italy and Greece. These two are as much in repose and have as few solitudes, Mr. Pirmez thinks, as the Scandinavian countries, but for the opposite reason; for, if the first group, the Scandinavian, are in health, the second group, the paper-money States, are in collapse. We have then nothing left but the great nations still holding specie payments, and struggling to master the problems both of money and of commerce, which, he says, are affected more or less, but not so much as they suppose. His explanation of our being disturbed and solicitous is that France, the Latin Union, Germany, England, and the United States—for I suppose we fall within this group—is that we have still in our system the virus and the infection of the double standard. It is the legacy which we have inherited from that standard that mars the peaceful simplicity and harmony of action in our monetary affairs, the want of which makes us dissatisfied; this being so, Mr. Pirmez triumphantly exclaims, "If you are suffering from too much silver, what a strange proposition it is that you make to improve your condition by increasing the amount of it." But our proposition, even if we accept his statement of the mischief now played by silver, if applied to the facts of the situation as he construes it, would be: "We are suffering, the world is suffering, from discredited demonetized silver, and the remedy that we propose is to accredit the discredited and rehabilitate the demonetized money." The tables can not thus be turned upon us. No man can charge

upon the bimetallists the responsibility of wanting more discredited or more demonetized precious metal in the world.

We must, then, proceed with our deliberations to find a remedy for acknowledged evils and evil tendencies. Even Mr. Pirmez's cheerful estimate of the situation scarcely satisfied him that there might not and should not be some improvement in the condition of things. I am sure it did not satisfy this Conference, nor will it the nations whom we represent, that our service and our deliberations are superseded by the disappearance, under our debate, of the mischiefs in the monetary condition which we were called together to meet and correct. I need hardly argue that if the nations here represented, 15 States in all, if their Delegates recognize the fact that there are evils now present, that there are greater evils threatened, then it becomes us to undertake to advise these governments, and it becomes these governments to take such action as their wisdom and responsibility suggest, to correct these mischiefs and reduce the disorder in the money system of the world by such means as they shall approve as most suitable, most promising, for the desired result. Now, there are but two logical methods in which this disorder between gold and silver, this depreciation of their general and combined functions, this struggle between them, can be put an end to. One is, to admit as the intrinsic money of the world only one metallic basis, and to drive out, extirpate, as a barbarism, as an anachronism, as a robber and a fraud, the other metal, that, grown old in the service and feeble in its strength, is no more a help, but a hindrance and a marplot. That is a task that might be proposed to the voluntary action of nations, and if the monometallic proposition be the true one, that is, the logical course to which the nations we represent ought to resort, unless they take the only other logical alternative, that is, to make one money out of the two metals, to have no two standards, or kinds of money, but one money, adapted in its multiples and divisions to the united functions of the two precious metals.

I have said that these two are the only logical methods. There is another method, and that is, in despair of making one money out of the two metals, to make two moneys out of them. This project is, not to discard either from the service of mankind, but to separate them and so mark them as that they shall not occupy the same regions, but divide the world between them. For the working of this scheme, it is proposed that, in some fashion, a partition shall be made among nations or sets of nations, and a struggle for the metals be set on foot, to reach an equilibrium or

alternating triumph, or undergo such fluctuations or vicissitudes, or enjoy such a degree of permanence, as fortune, out of the chaos, may offer to mankind. This scheme might well be defined as harmonious discord and organized disorder. But this is nothing but a conclusion that, although there is an intolerable evil, it is not within the compass of human wisdom, or human strength, or human courage, to attempt to remedy; this conclusion would leave things to take care of themselves. This notion found expression in the sentiments declared, by some of the Powers, at the Conference of 1878. The hopeful expectation that was then indulged that things would take care of themselves, has not been realized. Experience, since, has shown an aggravation of the mischief, a continued and widening extension of its pressure, and produced another appeal to the wisdom and courage of the nations to redress it, under which this Conference has been convened.

But there is, confessedly, a great difficulty in arranging this partition of money among the nations. I will not enlarge upon that difficulty; it has already been sufficiently pointed out; it is inherent and ineradicable. Its terms can not be expressed by its champions; sometimes it is spoken of as a division between the Asiatic and the European nations; sometimes as a division between the rich nations and the poor nations; sometimes as a division between the civilized and less civilized nations. There seems to have been an easy confidence that these groups could have been satisfactorily arranged for a reasonable equality in this battle of the precious metals. But I have been puzzled to know, and no one has distinctly stated where the United States were to be arrayed. No one has ventured to determine whether they were to be counted as a rich nation or as a poor nation; whether as an Asiatic or a European nation; whether as a civilized nation or an uncivilized nation. Yet, I think it would be no vain assumption on the part of the United States to feel that any settlement of the money questions of the world that leaves us out, and our interest in them, and our wisdom about them, will not be the decree of an Œcumenical Council, or establish articles of faith that can be enforced against the whole world. The notion seems to be that the nations that sit above the salt are to be served with gold, and those that sit below the salt are to be served with silver. But who is to keep us in our seats? Who is to guard against an interruption of the feast by a struggle on the part of those who sit below the salt to be served with the gold, or of those above the salt to be served with silver? This project purports to have neither wisdom nor

courage, neither reason nor force behind it. It is a mere fashion of speech for saying that we can not, by human will, by the power or polity of nations, redress the mischief, but that we must leave the question to work itself out in discord, in dishonor, in disorder, in disaster.

This brings us fairly to consider how great the task is which is proposed for reason and for law to accomplish. How much is there wanting in the properties of these two metals—how much is missing from the already existing state of feeling, of habit, of the wishes and the wisdom of the world at large, and in the common sense of mankind, as exhibited in history or shown to-day, that stands in the way of the common use of the two precious metals to provide the common necessity of one money for the commerce of the world?

The quarrel with nature seems to be with its perverse division of the necessary functions of money between the two precious metals. In their regret that nature has furnished us silver and gold, with the excellent properties of each, instead of one abundant, yet not redundant, metal that would have served all purposes, the monometallists strive to correct this perversity of nature by using only the not abundant gold, and discarding the not redundant silver. Well, I do not know but one might imagine a metal, a single metal, that would combine all the advantages which these two metals, in concert, have hitherto offered to mankind. It may be within the range of imagination to conceive of a metal that would grow small in bulk when you wanted it to aggregate values, and grow large when you wanted to divide it into minute values. Yet, as I think, the mere statement, to the common apprehension of mankind, describes what we should call a perpetual miracle, and not an order of nature. Now, if such a metal is a mere figment of the imagination, if no such metal with these incompatible qualities is found *in rerum natura*, how are we going to dispense, in our actual money, with that fundamental, inexorable requirement of intrinsic money, a physical capability of multiplication and of division to serve these opposite uses? Why not, then, accept the reason, accept the duty of treating these two metals, in which, combined, nature has done the utmost for this special need of man, by supplying, by the *consensus* of positive law, that single *nexus* between them, that fixity of ratio, by which they two shall be one money at all times and every-where; by which silver, when its multiplication becomes burdensome and unmanageable, loses itself in the greater value of gold, and gold, when its division becomes too minute

and too trivial, breaks into pieces of silver. What nature, then, by every possible concurrence of utility, has joined together, let no man put asunder. It is a foolish speculation whether, *in rerum natura*, a metal might have been contrived combining these two opposing qualities. Let us accept the pious philosophy of the French Bishop, as to the great gift of the strawberry—"Doubtless, God Almighty might have made a better fruit than the strawberry, but, doubtless, he has not."

This brings us to the essential idea which lies at the bottom of this effort at unity of money for the nations, the capacity of law to deal with the simple task of establishing a fixed ratio between the metals, so that their multiplication and division should make but a single scale. This, Mr. Pirmez would have us understand, would prove an ineffectual struggle of positive law against the law of nature. It is thus he denounces the attempt of a practical *nexus* between these metals by reason, which could not be supplied by the physical properties of matter. To me, it seems to require no more than law and reason and the wit of man can readily supply, and have constantly supplied, in innumerable instances, and it should not be wanting here. The reason of man must either, in this instance, take the full bounties of nature and Providence, or must reject them, as the gross and ignorant neglect all the other faculties that are accorded to human effort and to human progress by the beneficence of God. Bring this matter to the narrowest limits. Here is a gap to be filled. Shall we supply it? Will you insist upon what is called one standard, and have two moneys, or will you insist upon two standards, with the result of one money? But one money is the object. All questions of standards, one or two, are but a form and mode by which we may reach what we desire—one money. I insist, and challenge a refutation, that, at bottom, the theory of a gold standard is the theory of two moneys. It is the theory of discord between the metals. It is the theory of using one to buy the other, and robbing the exchange of commodities of what it requires to the utmost, the double strength, the double service of the two metals to buy and sell—not one another, but the commodities of the world.

But it is said that this pretense that law can regulate the metals in their uses as money, involves a fundamental error in this, that money is itself a commodity, and that law can not regulate the ratio of the two metals as money any more than apportion values between other commodities. Well, silver and gold, as they come from the mine, no doubt are commodities. There might be imag-

ined a metal that, besides having all the qualities which make it useful to men for money, might also miss all the qualities that would make it useful for any thing else. You might have a metal suitable in all the physical properties of gold and of silver, that was neither splendid for ornament, nor malleable, nor ductile, for use; you might have a gold that did not glitter to the eyes, and a silver that would not serve to the use. In such case, the confusion between gold and silver money and gold and silver in their marketable uses, would be avoided. But, as a matter of fact, besides the good qualities which benign nature has infused into these metals for our service as money, they have, as well, the properties which make them valuable in vulgar use. These latter uses, no doubt, in the infancy of mankind, directed attention to the recondite properties which fitted them for the institution of money, which later ages were fully to understand.

Although then, the precious metals, in their qualities as metals, may remain commodities whenever the act of the law, finding in their properties the necessary aptitudes, decrees their consecration to the public service as money, it decrees that they shall never after, in that quality of money, be commodities. In the very conception of money, it is distinguished from all exchangeable, barterable commodities, in this, that the law has set it apart, by the imprint of coinage, to be the servant of the State and of the world in its use as money, and to abstain from all commixture, as a commodity, with the other commodities of the world. Wherever and howsoever this ideal of money fails to be real, it is because the law is either inefficient within its jurisdiction, which is its disgrace, or because its jurisdiction is limited territorially, and its vigor fails beyond the boundaries. In the latter case I agree, silver or gold, in the shape of the coinage of one country or another, may become merchandise to be bought and sold in other countries as a mere money metal. Manifestly, these exposures to demonetization beyond the boundaries, because the legal force which has made the metal money stops with the boundaries, is the main cause of the mischiefs in the monetary system of the world, which needs redress. The cause understood, the cure is obvious. It is to carry, by some form of consensus among governments, the legal relations between the two metals in their employment as money beyond the boundaries of separate systems of coinage. These legal relations between the metals once fixed, no important evasion of it would be possible, and no serious disturbance of it could arise from diver-

sities of coinage. It is for this result and by this means that we are striving.

But law, it is said, is inadequate in its strength, in its capabilities, in its vigilance, in its authority to accomplish so great, so benign a result. It was accomplished, up to the year 1870, by even the informal concurrence among the nations which till then subsisted. The spirit of the present age has led to manifold international applications of positive law on other subjects than money, while there is no subject to which its application is so important, or, within limits, so easy as money. For want of this consensus, the necessary conception of money, the institution of money, the consecration of money, is defeated, *pro tanto* when any portion of the money loses its prerogative and incommunicable function of buying and selling all, and becomes purchasable and vendible. Whenever any portion of the money which should be used as the solvent for the exchange of commodities turns into a commodity, it thereby not only diminishes the force and volume of money, but adds to the weight and volume of the exchangeable commodities. It is as little a condition of health, and may lead to as great calamities, as if the fevered blood should burn the tissues of the vital channels through which it circulates, or as if the coats of the stomach should turn to digesting themselves.

To me, it seems certain that the nations must contemplate, either the employment of the two metals as intrinsic money of the world upon a fixed, efficient concord and co-operation between them, or their surrender to perpetual struggle, aggravating itself at every triumph of one over the other, and finally ending in that calamity which overtakes, sooner or later, those who care not to use the bounties of nature according to the gift and the responsibility of reason. I can see nothing valuable in the treatment of this subject which would leave the broken leash that so long held together these metals to be repaired by chance, or the contest to be kept up at the expense of that unity, concord, common advantage, and general progress among nations, which is the ideal and the hope, the pride and the enjoyment of the age in which we live.

Mr. Pirmez, however, would have us understand that this simple law of fixing the ratio between the metals, to be observed among concurring nations, although this consensus should include all the nations most engaged in the interchanges of the world, would be powerless, because it would be opposed to the law of nature. The law of nature, no doubt, has made two metals, but according to the best inspection of them by science and common

sense, the law of nature has made them as little **diverse** as possible, compatibly with their best use as money. I agreed that there may be foolish laws. There may be laws theoretically wise, but which, by the lawgiver not computing the difficulties to be overcome, or the repugnances that will resist their execution, are unwise for the time and the circumstances to which they are applied. I believe, as Mr. Pirmez does, that an ill-matched struggle between arbitrary decree and the firm principles of human nature will result in the overthrow of the law. But that doctrine, at bottom, if you are to apply it without regard to the very law, and without measuring the actual repugnance and resistance it has to meet, is simply impugning civilization for having fought with nature as it has done from the beginning. We had, some years ago, a revenue law in the United States, called forth by the exigencies of war expenditure, by which we undertook to exact a tax of two dollars a gallon on whisky; yet whisky was sold all over the United States, tax paid, at \$1.60 cents a gallon. This was a case of miscalculation of how far authority could go against a natural appetite and a national taste. When we reduced the tax to 60 cents on the gallon, the law triumphed over this opposition of appetite and cupidity, and produced an immense revenue to the Treasury. It is the old puzzle how to reconcile the law of nature, that abhorred a vacuum, with its ceasing to operate beyond 33 feet in height. This was solved by the wise accommodation between philosophy and fact, that nature abhorred a vacuum, to be sure, but only abhorred it to a certain extent. As I have said, the informal, the unconscious, the merely historical and traditionary consensus of mankind made and maintained an equilibrium between the metals among the nations up to 1870. With more vigorous aid from positive law, that, "written reason," which, Mr. Pirmez says, is all the law there ever is or can be, I can not but anticipate the suppression of the discord and struggle between the moneys of the world which now trouble commerce.

In my judgment the progress which has been made here, the comparison of opinions, the indication of the interests of Governments behind, all point to a general desire for a good result from our deliberations, which is an augury of success, for "where there's a will there's a way." I can not believe that England can long occupy the position of estrangement from either of the systems about which we debate. The British Empire is neither monometallist nor bimetallic, but bimonometallist. The British Empire can not be monometallist gold, nor monometallist silver, through-

out its length and breadth. Its present position of bimonetallism is entirely inconsistent with reason and with government. It must be bimetallic sooner or later, for it can not maintain the permanent position of a house divided against itself, which can not stand. At this stage, then, of the deliberation, without entering into a discussion of details, it seems to me that the moment is most opportune, and the spirit most excellent, for a recess for some weeks. In this interval we may expect a definite and practical consideration by the various Governments, of what the duty and interest of each require from it towards the common end they desire.

At the end of this address the Conference declared the general discussion of the *questionnaire* closed.

MR. MORET Y PRENDERGAST, Delegate of Spain, asked leave to submit a motion for adjournment. The general discussion being closed, he had no doubt this proposal would obtain unanimous assent, but it seemed to him well to specify in a few words its bearing and object.

The Conference, said Mr. Moret, heard, at its Second Session, declarations so important that several Delegates thought there was ground for at once suspending the Sessions, in order to give their respective Governments the option of sending them fresh instructions, or even of entering into direct negotiations.

Those declarations, it is well known, were made by the German Delegates, and to them have since been added Baron Von Thielmann's oral explanations, and the suggestions offered to the Conference by the Delegate of Russia. Moreover, the Delegates of England have assured us of the friendly reception reserved by the British Government for any suggestion tending to improve the situation of the monetary market; and Mr. Gladstone himself has confirmed these sentiments in the House of Commons.

This combination of facts allows the hope of an understanding, an understanding difficult, perhaps, but possible, and above all desirable. It is possible, for it seems from the brilliant defense of monometallism made at the Conference, that that doctrine has lost a little of its former rigor and inflexibility. Its champions appear to admit the establishment of a universal monetary system, which, so far from being opposed to the use of silver as money, tends, on the contrary, to restore the value of that metal.

Can this scheme be realized? We can not yet pronounce on this point, but it is certain that if all were imbued with the ideas

which have just been developed with so much eloquence by the chief Delegate of the United States, we should arrive much more speedily than is perhaps imagined at a satisfactory solution. From the moment the idea is admitted of a two-metal monetary system, setting aside the question of the single and the double standard, an understanding may have become comparatively easy.

It is, at any rate, supremely desirable. The remarks of Mr. Luzzatti, the information given by Mr. Denormandie, the observations offered by Sir Louis Mallet, as to the situation of India, all prove that a monetary danger hangs over the civilized world, and that that danger may at any moment become a disaster unless there is the courage or skill requisite to ward it off; no doubt if we examine the situation of each State separately, we may, like Mr. Pirmez, arrive for most of them at optimist conclusions; but, if after examining the situation of each country singly, we look at the whole, we see immediately that the slightest derangement may bring on a crisis. It frequently happens, on the eve of epidemics, that sanitary statistics show the best state of health; now, there is in the present state of Europe, in reference to money, a germ of malady and trouble, namely, the rupture of the equilibrium, the severance of the bonds of solidarity which formerly existed between States. Germany severed them by her monetary reform of 1871, and has been the first to suffer therefrom, but the rebound may be felt far beyond her frontiers. Suppose another year's bad harvest, and France obliged to import part of her food from abroad, silver not being international money, she would have to pay for it in gold; that gold the Bank of France, no longer having it in sufficient quantity, would apply for to the Bank of England; but the Bank of England, in turn, seeing its gold stock diminish would raise the rate of discount perhaps to 12, 14, or 16, to those panic rates, in fact, which lead to incalculable disasters. We should then have one of those terrible crises from which, to use the expression of an illustrious man, one can only emerge by marching over corpses, and the pernicious influence of which is felt by the whole world.

No doubt, it is to be hoped and desired that these pessimist forebodings will not be realized; but the contingency to which they refer is none the less possible, and that possibility is enough to make all the Governments desire to protect themselves from such dreadful hazards by seeking an understanding with a view to the rehabilitation of the white metal.

Can they do this? This question is no longer within the juris-

diction of the Delegates but of that of the Governments they represent. All that the Conference can and should do, at present, is to testify before adjourning that by the confession of all the Delegates there is something to be attempted; it is to affirm, on separating for some weeks, its resolution of resuming its deliberations at a fixed and early date, with fresh and fuller instructions; it is with this idea, already suggested by Mr. Seismit Doda, that I submit to the Conference the following resolution:

The Conference having listened to a general discussion; having considered the monetary situation from an international point of view; in view of the declarations which have been made on behalf of a certain number of Governments, considering that several Delegates have evinced a desire for a temporary suspension of the sessions, so as to refer to their Governments, in order that the latter may be in a position to pronounce on the propositions which have been formulated within the Conference, and on the resolutions to be taken for co-operating in the rehabilitation of silver, *Resolves*, the sessions of the Conference are suspended from the 19th of May to the 30th of June next.

The Delegates will, consequently, resume their sessions on the 30th of June, at 2 o'clock, at the Ministry of Foreign Affairs at Paris, without need of fresh convocation.

The discussion being opened on the proposal of MR. MORET Y PRENDERGAST.

LORD REAY said:

Mr. President, and Gentlemen—I think that, before separating, it will not be out of place to define precisely the situation in which we now find ourselves. If, on the one hand, it is clear that neither monometallist nor bimetallist has been shaken in his convictions, it is clear on the other, that both monometallists and bimetallists have learned to respect each other.

The excellent speeches which we have heard will be valuable contributions to the progress of economic science. On our next re-assembling, however, it will be necessary to follow up the vain efforts which we have made to convert each other by a more successful attempt to establish an agreement which shall take into account the different systems adopted by the different Governments.

With one or two slight exceptions, the general inconvenience of the existing state of things has been recognized. Its victims are to be found both in bimetallic and monometallic countries. So far, neither of the systems has succeeded. In this state of things it is clear that the concert which it is wished to establish, must

either be made between the Powers which desire to remain monometallist, and those which are or tend to become bimetallist, or not be made at all. Coming to practical steps, it appears to me that, in the first place, it would be important to approach the Government of His Imperial and Royal Apostolic Majesty, with a view to obtain its adhesion to the union which the United States and the Latin Union desire to establish. The concurrence of Austria-Hungary would be of the very highest importance in giving to the States above-mentioned a powerful support for the realization of their wishes, even though Austria-Hungary should not substitute specie payments for its paper money at once.

I should like, also, to submit for your consideration, a proposal for asking the opinion of the principal Banks of Issue in the different States. It is obvious that, even in the States which have a single gold standard, these institutions could render valuable assistance in the operations resulting from a resumption of the free coinage of silver in other States. The eminent men who direct them, and we must not forget that the Imperial Bank of Germany is directly subject to the Chancellor of the Empire, could remove many of the difficulties which would attend the Governments who undertook to rehabilitate silver. The distinguished statesman who represents Sweden, said that we were not diplomatists, and the Delegate of bimetallism replied that bimetallists were philosophers. I willingly accord to Mr. Cernuschi (whose complete devotion to the cause which he extols I admire) the name and fame of a philosopher. Moreover, as public prosecutor of bimetallism, he has indicted Great Britain and India for having committed the double crime of monometallism in Europe and monometallism in Asia. The fact that gold has been adopted in one continent, and silver in the other, does not even constitute an extenuating circumstance in his address as bimetallic counsel.

But, gentlemen, to avoid the danger which threatens us, we want something besides philosophers and philosophic theories; we must have diplomacy; on our reassembling we must lend an ear to the monometallic and bimetallic statesmen, in order to effect a *modus vivendi* between the Powers adhering to the different systems. The habits of English statesmen tend to make them consider facts, to seek rather what is relatively possible than what is absolutely impossible. If it is desired to embark on the enterprise of introducing the bimetallic system into the United Kingdom, you can not do better than practice what you preach, and begin the task by introducing bimetallism at home. India has suffered for the monome-

tallic cause; it would be another glory for the bimetallists to accept, in order to inaugurate the universal reign to which they look forward, the slight burden of some inconveniences, which, on their own showing, will be only temporary. The surplus in the French Budgets, and the brilliant conversion of a portion of their debt just effected by the United States, establish, in a most remarkable manner, that their marvelous financial position is strong enough to permit of their making the experiment of bimetallism.

On the part of Great Britain and India, I must decline both the extreme honor and the extreme disgrace which the partisans and adversaries of bimetallism confer upon them when they pretend that with these two Empires all is possible, and without them nothing. Her Majesty's Government has testified, on many occasions, its desire to create and maintain intimate relations between the different Powers. It is convinced that these relations are a guarantee for the peace and prosperity of the nations. Its resolution not to join a bimetallic convention is inspired neither by selfishness nor by a disregard for the interest of other countries. I flatter myself, gentlemen, that you will render justice to the Government of my august Sovereign, and that you will not forget that the commerce of the world enjoys in her country a freedom from duty and obstruction, which is certainly far from being either selfish or universally adopted. In matters of free trade it did not wait for the co-operation of other countries to apply principles which it believed to be true. Be assured, also, that if you succeed in giving practical effect to the principles of bimetallism without our co-operation, we shall be the first to render to you the homage which has always been paid in my country to any work which has for its object to draw closer the bonds which unite nations.

The great problem, gentlemen, which we have to solve can not be determined in a moment, and there is no reason for discouragement in the conviction at which we have arrived, that all the Powers are not of the same opinion. It is not in ignoring the difficulty, but in recognizing it, that we can overcome it. The Delegates of the United Kingdom, of India, and of Canada, will have the honor of sharing in your further labors, animated by the generous instincts with which we have been hitherto guided, and which are the best guarantee for the ultimate success of an agreement which will not perhaps realize all the dreams of theory, but which will be worthy of the statesmen from whom we ask it, and on whose co-operation alone it depends.

MR. SEISMIT-DODA, chief Delegate of India, seconded the motion of the Delegate of Spain.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, stated that he did not oppose the proposition, but he expressed a fear that the 30th June was too early a date to allow the various Governments to provide themselves with all the requisite information, and to address to their Delegates the fresh instructions which the latter might require.

MR. VROLIK, chief Delegate of the Netherlands, declared his concurrence in this opinion. He thought it would be well, while adopting in principle the adjournment to the 30th June, to indicate that if meanwhile the necessity of a longer suspension of the sessions were perceived, the resumption of the labors of the Conference might be postponed by common accord by the two Governments which had convened it. The chief Delegate of the Netherlands consequently proposed to supplement the motion of the Delegate of Spain by the addition of the following paragraph :

“If, however, in the course of June, events occur rendering it probable that the Conference would attain better results if assembled at a later date, the Delegates of France and the United States shall have the option of convening it for a later date.”

The DELEGATE OF NORWAY declared his concurrence in this amendment.

MR. DENORMANDIE, Delegate of France, remarked that the French Delegates would have objections to an adjournment beyond the beginning of July. Several grounds, among which the most imperative was the meeting of the General Councils, obliged them to be away from Paris by the beginning of August. Moreover, it might be difficult to detain the Delegates of the United States in Europe beyond an interval of six weeks without any meeting of the Conference.

MR. DANA HORTON, Delegate of the United States, on behalf of the American Delegation, declared his agreement with the latter part of Mr. Denormandie's observations.

THE PRESIDENT expressed an opinion that the amendment submitted by Mr. Vrolik might create a belief in an indefinite adjournment of the resumption of the labors of the Conference, and thus cause a grievous impression among the public. On this

account it would be better, as proposed by the Delegate of Spain, to fix positively beforehand the date of the next Session.

MR. THURMAN, Delegate of the United States of America, also thought it would be better for the Conference itself to fix the date of the resumption of its labors, without leaving to the Delegates of France and the United States of America the responsibility of a further adjournment. He hoped Mr. Vrolik, to facilitate a unanimous vote, would withdraw the amendments he had proposed.

MR. VROLIK, chief Delegate of the Netherlands, replied that in view of the urgent request of the two Powers who convened the Conference, he thought it right to withdraw his amendment. He still feared, however, that the interval proposed by the Delegate of Spain was too short.

THE PRESIDENT thanked Mr. Vrolik for having agreed to withdraw his amendment.

The motion for adjournment submitted by the Delegate of Spain was then put to the vote.

MR. GARNIER HELDEWIER, Delegate of Belgium, stated that Mr. Pirmez and himself were ready to vote for the motion. They felt bound, however, to remark that, in their view, this vote prejudged nothing and left intact all rights and all opinions. It seemed to them well to offer this observation in order to guard against any misunderstanding as to the bearing of the decision of the Conference.

MESSRS. KERN, BROCH, DE THOERNER, BARON THIELMANN, FORSELL, and COUNT SAN MIGUEL each made similar reservations.

Subject to these reservations, the motion of the Delegate of Spain was unanimously adopted.

On the proposal of the Delegates of India, and after various observations exchanged between Mr. Moret y Prendergast, Mr. Pirmez, Baron Thielmann, and the President, the following motion was put to the vote and adopted unanimously :

“The Conference expresses a desire that the Governments of the various States represented within it should take the opinion of the chief banks of issue of each country on the monetary question, and communicate to it their replies.”

MR. PIERSON, Delegate of the Netherlands, asked leave to put a question to the Delegates of the United States.

When the Conference, he said, re-assembles, it will be of the highest importance to have precise information as to the views of the various Powers represented. The more complete that knowledge, the more fruitful will be the discussions.

Now, there is one question on which the Conference has no precise information. It is well known that in the United States the silver coins are not now accepted on the same footing as the gold coins, and that business is mostly transacted with the latter metal. What measures would the United States take, on the hypothesis of the adoption of bimetallism, to remedy this inconvenience? In most European countries the obligation can be imposed on banks of issue of buying silver and gold at a fixed price, a measure which would have an excellent effect by placing the two metals on the same footing in commercial transactions, inasmuch as the bank notes would represent them on the same level without any distinction. What analogous steps could be taken by America, where chartered banks do not exist? In short, what could she do in order that bimetallism should exist there not only in name but in reality?

The Delegates of the Netherlands wish to submit this question to their American colleagues, not for an immediate reply, but begging them to give a definite reply when the Conference re-assembles.

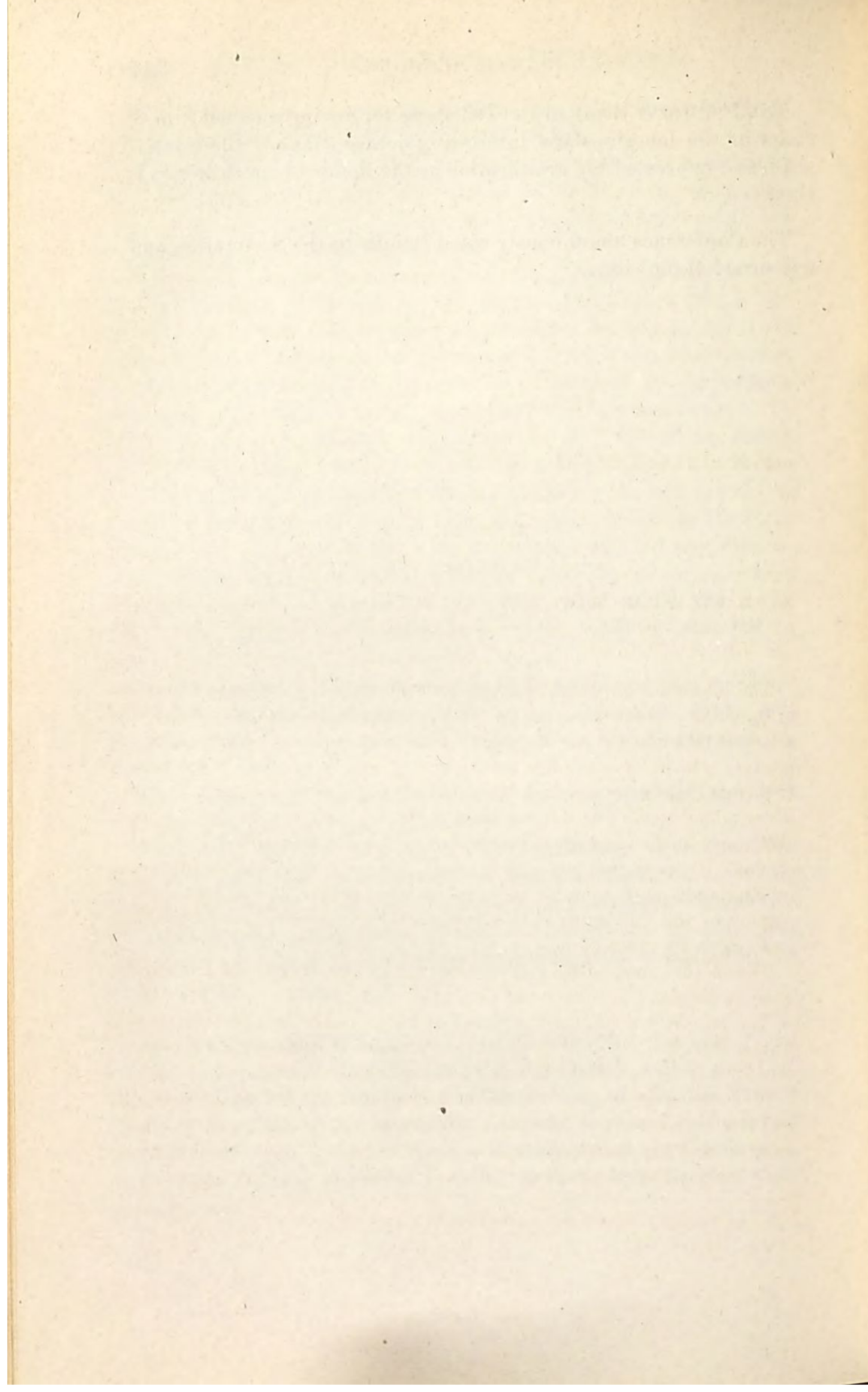
The Delegates of the Netherlands do not disguise that they put this question for a very practical object.

There will, perhaps, be ground for considering, when the Conference re-assembles, what number of States would suffice to ensure the regular working of the double standard system. Now, this examination can not be properly carried on until the question just submitted on behalf of the Netherlands delegation is settled in the clearest way.

MR. VROLIK, chief Delegate of the Netherlands, as the interpreter of the sentiments of all his colleagues, felt bound, on the close of this first phase of the labors of the Conference, to offer the French Minister of Finance the expression of their thanks for the honor he had done them in accepting the Presidency of the Conference, and for the friendly impartiality with which he had directed their discussions.

THE PRESIDENT thanked the Delegates for having enabled him to share in the laborious and interesting deliberations of the Conference, and expressed his gratification at the honor of presiding over their labors.

The Conference unanimously voted thanks to the Secretaries, and adjourned at 6 o'clock.



EXHIBITS OF THE EIGHTH SESSION.

EXHIBIT A.

(Presented by Mr. DANA HORTON, page 314.)

EXTRACTS FROM WRITINGS OF PROFESSOR J. THOROLD ROGERS
AND MR. ROBERT GIFFEN, ON THE RISE IN THE VALUE OF
GOLD IN ENGLAND.¹

The following important papers, written without view to any question of monetary controversy, may be advantageously compared with the statements made by the American Delegates in the Conference, of the motives which have guided the monetary policy of the United States. If the conclusions of the first of the following papers are correct, the anti-silver policy lately pursued on the Continent has wrought very appreciable havoc in English investments during the last five years; if the conclusions of the second paper are correct, the value of gold has increased, in England, more than 20 per cent. in this period, and a considerable portion of this rise is due to the Continental movement to adopt the English (gold) standard of money.

The picture suggested by these statements, concerning the late experience of England, is a very sad one.

The words, "a rise in the value of gold," make a short and simple phrase, but the event they portray is a national calamity; it means an infinite variety, an overwhelming mass of human sorrow.

If it were possible, for men with malice aforethought to conceive, and of their own power to execute a scheme which should produce the results set forth in these papers, a new and colossal crime would have been added to the evil possibilities of human nature.

(1) Reprinted from the Document of the Monetary Conference of 1878, pp. 385-401.

Fortunately this is not the case. The results attained are merely chargeable to legislation forced upon the statute books by a well-meaning *doctrinaire* agitation in favor of the gold standard. It is, perhaps, the first time in the history of the world, that science has become politics on so grand a scale, and yet, of course, the intentions of science were good.

The results thus portrayed, however, the cause thus attained, inevitably suggest the query, Whether the prestige of sound learning will not suffer by this defeat of its representatives?

However civilized the age may be, it certainly will not be safe, for many centuries to come, to obliterate the barriers between learning and ignorance; the chimeras of socialism will sufficiently ravage our century, at any rate, and the science of legislation can not well afford to weaken itself for the struggle with them, and, therefore, when a blunder of proportions so colossal has been made upon the advice of the accredited representatives of science, it is the vital interest of human progress that the error be repaired without delay. The palladium of civil prudence must be gently, and with consideration, but, if possible, speedily wrested from the hands of its unskillful bearers.

But such a reversal of policy, such a recognition of error, implies, in the former champions of gold monometallism, a manliness of sacrifice which naturally requires time to perfect itself, but which, if it comes, will be a moral as well as an intellectual victory for science. And this necessary sacrifice must not be too long deferred, else the popular sneers against science will be kept in countenance by the demoralizing spectacle of the *doctrinaire* monetary politician, reduced *ad absurdum*, fighting against truth to save his consistency, ready to sacrifice the prosperity of his people to his predilection for a coin, and willing to break down the landmarks of property in pursuit of a metric system which inevitably evades his grasp.

The date of the appearance of the following papers is itself suggestive of the difficulties to be overcome.

In the outset of the discussion of the general policy of European demonetization, in 1876, the view was forcibly presented in the United States that *a priori* it was probable that a general rise of the value of gold in Europe was already in progress, and that all known facts concerning prices pointed in the same direction.

This view became, in fact, a controlling ground of conviction of the necessity of bimetallic union.

The objection to contracting the money of the world has had more effect in strengthening the policy of the United States, than the parallel motive given by the necessity of the steady par of exchange between silver and gold countries, the loss of which has borne more disastrously upon other countries than upon the United States.

On the other side of the Atlantic, however, this inherent probability of a rise in the value of gold has been, to a great degree, ignored, and,

indeed, an effort has been made in tone-giving circles¹ to counteract the presumption that contraction of metallic circulation (by reduction of coin to bullion, checking coinage of bullion, and making existing silvercoin inexportable) would naturally produce contraction of prices and a crisis.

The argument made use of consisted in this fact, that prices had been rising since, and by reason of the gold discoveries and their flood of metal, as well as that in late centuries prices had been rising, as a rule, and it was assumed that this process was still going on, that the supply and demand were the same after 1872 that they had been before.

It was, therefore, not difficult to dispose of this argument effectually by pointing to the probability that, in these times of completed means of intercommunication, an inundation from the mines, in its influence on prices, spent itself speedily; and that what little rise of gold prices was noted after 1861, was attributable, not to a redundant production of the mines, but to the displacement of specie by paper in the United States and in Italy (1861-66).

The original presumption, therefore, the plain proposition, which was one of the foundations upon which the policy of the United States was based, remained in force. Nevertheless, it failed to receive corresponding recognition at the hands of European Governments.

The argument with which the gold standard agitation set out, viz: that gold was steady in value, has now suffered decapitation, that is, if the facts set forth by Mr. Giffen are correct, and the close application of ideas drawn from the metric system to a "measure" which contracts itself more than 20 per cent. before one's eyes, is showing itself to the public in all its native simplicity.

After all these years, therefore, the scientific bimetallist is, at length, in legal parlance, in position to file his *bill of interpleader*, and ask that the two wings of the army of the gold standard be compelled to make good against each other their opposing claims to the possession of monetary truth, while the bimetallist assumes the part of a spectator.

It is now in order, that the Teutonic, or Latin, persecutor of silver, the continental monetary reformer, who, in the effort to substitute gold for silver, has brought the world of production and of exchange to its present condition, shall ascertain from the Anglo-Saxon's insular but thorough experiment, whether, in these late years, the yellow metal, gold, which the Anglo-Saxon possesses in fuller measure than his Continental brother, has actually maintained itself as a rightful member of the metric system, steady in value, unshakable in its purchasing power.

The litigation of this subject will probably assist in bringing into clear

(1) See Erwin Nasse, "*Der Bimetallismus und die Währungsfrage in den Vereinigten Staaten*, 1878;" Prof. W. S. Jevons' "Paper on the Silver Question, before the American Social Science Association," 1877, cited also in Horton's "Monetary Situation," 1878.

light the services rendered by the exclusion of silver from coinage and legal tender, not only to mankind, but to England.

EXTRACT FROM AN ARTICLE BY PROFESSOR J. THOROLD ROGERS (OF THE UNIVERSITY OF OXFORD) UPON THE "CAUSES OF COMMERCIAL DEPRESSION," IN THE "PRINCETON REVIEW," FOR JANUARY, 1879.

But, despite these advantages, there is no doubt that prices, profits, and wages are falling in very many industries which have hitherto been prosperous. We will attempt to enumerate the principal causes which have effected this result. Some of them are local, some are shared with other countries.

The first cause in importance, the most general, and in all probability the most enduring, is the rapid rise in the economical value of gold. The fact has been commented on with considerable, but unequal force by Mr. Laveleye, in a recent number of the "*Revue des Deux Mondes*," where he alleges, and on good grounds, that the annual produce of this metal is not more than sufficient to cover the annual wear and tear of the currencies. But, while the area of civilization is widening, and, therefore, the demand for an adequate currency is being extended, the most populous state of Europe has abandoned a silver for a gold currency, and has had, as a fruit of its successful war with France, an exceptional power of attracting gold to itself, with singular success indeed, but to the incredible misfortune of its people. Germany has effected a monetary revolution on the grandest scale, and has beggared its own industries, for the rise of prices in Germany, during the four years after the French war was over, was unparalleled. Now, it is perfectly true, that when a gradual scarcity in the amount of the metallic currency circulating in any one country occurs, it is, to a certain extent, possible to resist a general fall in prices by using substitutes for the precious metals, especially if the country in which the scarcity occurs, is willing to adopt such substitutes with confidence and familiarity. But, unless we are to assert that the values of gold and silver do not depend on the demand which exists for them, and the means for supplying that demand, it must follow that a large demand brought to bear on a limited supply, will affect the values of these precious metals, and through them lower prices. Nor do European countries find themselves generally able to circulate the equivalents of a metallic currency to the extent which, for example, England does. The treasure held by the Bank of France is enormous, being nearly equal to its note circulation. It is understood, that Germany has a considerable hoard of gold coin and bullion, which, for all practical purposes, is withdrawn from circulation. But to the general fact that those two countries require a far larger amount of money for purposes of trade than England does, France is supposed to need three times as much, must be added that the political relations of the two countries are so far unsatisfactory as to suggest a further strengthening of their mone-

tary position. Nations do not keep more gold and silver than they need, but they measure their own needs, and sometimes their fears measure their needs for them.

Taking into account the growing intercourse of civilized nations, and particularly the sensitiveness which they feel at any event which may check the activity, or derange the machinery of trade and production, it appears that at no time has the drain on the existing stock of gold been so sharp and so rapid as at present. Nor does the proof of the fact depend solely on the phenomenon of lowered prices, or, in the fact, that the demand for gold has been exceptionally great. It is proved by the decline in the value of silver as compared with gold. The writer has been informed, by those who are best competent to give an opinion, that no traceable rise in prices has occurred in those countries which use a silver standard only, and that this is particularly the case in India, where the loss which the Government incurs arises from the necessity of meeting liabilities due to England in a currency which has increased in costliness by all the difference between the old and the present value of silver as measured by gold. But it will be plain that when the dearness of gold is manifested by a fall in prices, there must be a loss of profits, not only on stocks which have accumulated under the agency of higher prices, but on those parts of a producer's capital which were called into permanent existence while these higher prices ruled, on buildings, plant, and machinery. It may be added, too, that low rates of profit do not depress wages with corresponding energy, just as high rates of profit do not raise wages correspondingly. In other words, and the fact may be proved by the evidence of prices, taken at different periods in the last six centuries of English economical history, labor has always been far better off when prices were falling, owing to the increased value of the precious metals, than at epochs when, owing to their abundance, or to other equally energetic causes, prices were rising. But it is a commonplace in political economy that, except in the case where the employer can recover himself at the expense of rent, dear labor is always accompanied by a reduction of profits."

EXTRACT FROM A PAPER ON THE FALL OF PRICES OF COMMODITIES IN RECENT YEARS, BY ROBERT GIFFEN, ESQ., IN THE JOURNAL OF THE LONDON STATISTICAL SOCIETY, FOR MARCH, 1879.

(Read before the Statistical Society, 21st January, 1879.)

There is a general agreement that during the last few years there has been a heavy fall in prices. The fall in cotton and iron, and the various manufactures of cotton and iron, is notorious, and, for the rest the losses in trade, in almost every description of business, have been such as to leave no doubt of a fall in price. It is usually a fall in price which cripples the weaker borrowers, and causes bad debts, and this makes a beginning of losses by which stronger borrowers are in turn crippled, further

falls in prices ensue, and more bad debts and losses are produced. When we see so many failures as are now declared, therefore, we may be quite sure that they are preceded and accompanied by a heavy fall in prices. But the question for statisticians in such a matter is not the fact of a general fall, but whether it can be measured and compared with other facts of a similar kind, and whether there is any thing to show the fall to be of a more or less permanent character, and not merely a temporary fluctuation which will be corrected by an immediate rebound; in other words, whether the average of two or three years, including the present, will, or will not, exhibit a decline when a comparison is made with a date two or three years back. Looking at the matter in this more definite way, I have come to the conclusion that, not only is there a decline of prices at the present time, from the high level established a few years ago, but that this decline is more serious than the downward fluctuation of prices usually exhibited in dull times, and that it may be partly of a permanent character unless some great change in the conditions of business should occur at an early date. I think this can be shown without difficulty with the help of some well-known figures which have been published lately, and which I propose to analyze and sum up, after which I shall proceed to discuss the causes of this apparently serious decline in prices, and some of the probable consequences.

I.—*Extent of the Fall.*

* * * * *

[Six pages omitted.]

The general effect of all these figures may now be summed up. First—it has been shown by a general table of prices at the beginning of each year, from 1873 to 1879 inclusive, that there has been a general and remarkable fall in the prices of wholesale commodities in the period, this fall having also been, to a large extent, continuous, and amounting in the end, with three exceptions only, to between 26 and 66 per cent. Second—it would appear from a comparison of prices by means of the index number in the “Commercial History and Review,” that the average fall between 1873 and 1879 is 24 per cent., and that the level of price now established is lower than any thing recorded since 1850, in the tables referred to, these tables comprising the years 1857 and 1858, and each year since 1865 inclusive; further, that although the fall between 1865 and 1871 appears greater by this index number than between 1873 and the present time, yet there is a special explanation of this, and there is reason to believe the present fall to be unusually great. Third—it has been shown by certain tables of Mr. Ellis's that as regards food and raw materials, prices at the beginning at 1878 were lower than in 1869, one of the years of depression following 1865, while prices are now considerably lower than at the beginning of 1878. Fourth, it has been shown as regards the prices of exports, that the average in 1877 was considerably lower

than in 1868, while the fall to the present level was from a lower height in 1873 than the previous fall in 1868-70 from the height of 1865. Allowing for the further fall of prices in 1878, we are confirmed in the belief that prices are now unusually low, and that the facts shown by the first index number cited rather understate than overstate the change. In other words, it is ascertained by the concurrent testimony of all the facts examined, that prices of commodities are unusually low, though one of the sets of the figures would seem to throw doubt on the idea that the fall from the height of an inflated period to the present depth is unusually great. The preponderance of evidence seems, however, to be that there is an unusual fall, although it began from a lower level than what had been established in the previous inflated period. I have not attempted, however, to measure exactly what the extra depreciation is, though I should be inclined to put it at between 10 and 20 per cent. below the prices of 1868-71. In these matters great exactness is impossible; without waiting to aim at great exactness, I have thought it would be useful to bring the rough facts together, pending the more elaborate efforts which I trust some of our members, perhaps Mr. Jevons, may be induced to attempt.

II.—*Causes of the Fall.*

* * * * *

[Six pages are here omitted.]

[In these the author treats, first—causes general in their nature, of speculations, and frauds, etc., etc.; secondly—of the bad harvests in England in 1875, 1876, and 1877.]

A third cause, which must be mentioned, is the extraordinary demand for gold for the new coinage of Germany, and for the United States on its resumption of specie payments during the last few years. It is a little difficult to consider this point except in connection with the question of the supply of gold, and any variation in that supply which may have occurred, but what I desire to bring out is that apart from a permanent diminution of the supply, whether absolutely or in relation to the growing wants of the world, which would necessarily have a permanent effect on prices, extraordinary demands like those referred to would tend to produce a momentarily extreme fall. The reason, is that a sudden pressure on the stock of the precious metals at a given period tends to disturb the money markets of the countries using them; makes money dear, or creates a steady apprehension that it may at any moment become dear; and so by weakening the speculation in commodities and making it really difficult for merchants and traders to hold the stocks they would otherwise hold, contracts business and assists a fall in prices. It is conceivable that after such a pressure the current supply of the metals may again be found sufficient to meet the current demands which prices raised to their former level; but while the pressure lasts prices are low.

Now the extraordinary demands of the last few years—I think I may

say eight years, the German lock-up having commenced in 1871—have certainly been of a kind to produce some monetary effect, even on the assumption that the supply of gold, when the pressure is removed, remains sufficient for the wants of the world with prices at their former level. Altogether, during the last six years Germany has coined 84 millions of gold, very little of this being recoinage. The accumulation of gold in the United States, again, principally during the last two years, amounts to about 30 millions sterling, the stock of gold in the country above what it had for several years previous having been increased by that amount. These two sums amount to 114 millions, and if we allow for other extraordinary demands, such as that for Holland, which has been substituting a gold for a silver money, and at the same time make deductions for what Germany may have recoined, we may say in round numbers that the extraordinary demands for gold during the last eight years have amounted to 120 millions, or 15 millions a year. As the annual production of gold eight years ago was estimated at from 20 to 22 millions only, and has since rather fallen off, as we shall presently see, it is quite plain that these extraordinary demands can have left very little for the ordinary wants—the wear and tear of coinage, losses, use in fine arts, and new coinage to correspond with the wants of population increasing in numbers and wealth. My own calculation in 1872, in a series of articles which I then wrote, was that, for many years previous, the average requirements of the gold-using countries, excluding both Germany and the United States, which were not then in the list, had been 12 millions annually. But if you deduct 15 millions from 20 or 22 millions, you have much less than 12 millions left, and, consequently, the former state of things as regards prices could not have been maintained during these eight years. Now that the extraordinary demands are over, prices may recover, but the extraordinary demands must have contributed to the present adverse fluctuation.

These three causes, then—the extreme and prolonged discredit, the bad harvests, and the extraordinary demands for gold—appear to me to have concurred in bringing prices of commodities to the lowest level which has been reached at any period for many years. That they would be sufficient to account for much of the effect which has been produced can hardly be disputed, and that they have existed is beyond all doubt.

The question is infallibly suggested, however, whether in addition there is not a subtler cause at work—an actual insufficiency of the current supply of gold for the current demands of gold-using countries. This is quite a separate question from the effect of the extraordinary demands which have been described, and it seems to me most important that we should keep it separate. It is a subject infinitely more complex and difficult to treat, and one on which even the most skilled, I believe, would venture to give an opinion with far more diffidence than on the effect of the extraordinary demands themselves.

My own opinion is that some such cause may have been at work, though whether its effects would have been at all marked as yet, in the absence of the extraordinary demands, may be doubted. The main presumptions to this effect are—first, the undoubted falling off of the gold supplies during the last 20 years. I have reprinted in the Appendix (Table IV.) that portion of the table put in by Sir Hector Hay in his examination before the Silver Committee which relates to the production of gold, as containing, I believe, the most generally accepted estimate of what the gold production has been. The following is a summary of that table in quinquennial periods, with the annual average for each period.

ESTIMATED PRODUCTION OF GOLD IN THE YEARS 1852, 1873, IN QUINQUENNIAL PERIODS, WITH THE SEVERAL AVERAGES FOR EACH PERIOD.

PERIOD.	TOTAL PRODUCTION.	ANNUAL AVERAGE.
1852-1856.....	£149,665,000	£29,933,000
1857-1861.....	123,165,000	24,633,000
1862-1866.....	113,800,000	22,760,000
1867-1871.....	108,765,000	21,753,000
1871-1875 (4 years).....	76,800,000	19,200,000

The dwindling of the supply in this table is very marked, and naturally suggests that the effect on prices of the great gold discoveries may not have been continued much beyond 1861, while lately the difference is so great that, even apart from extraordinary demands for gold, that effect may have been reversed. The difference of an annual yield of from 25 to 30 millions between 1852 and 1861, and an annual yield of less than 20 millions at the present time, is palpable. Of course, the question is not settled by this consideration. One of the effects of the great gold discoveries was to create new markets for gold itself. Under its bi-metallic *régime* France replaced an enormous stock of silver by gold, and becoming a gold-using country, absorbed the new supplies to an enormous extent. India again absorbed an immense sum, especially during the years of the cotton famine, when her credit abroad was so suddenly and so enormously augmented. Until 1866, it may be said the market for gold was so affected by extraordinary demands that there was hardly time for prices to settle down into a normal state, and the full effect of the new supplies on gold-using countries alone was never fully tested. But it is at least obvious that the diminished supply could not now meet the extraordinary demands which were met by the supply of the earlier years, even if the ordinary demands have continued the same.

I should add that not only do the figures show an actual falling-off of supply, but there is a probability of the supply being obtained at a greatly increased cost of production. The nineteen millions now produced are obtained with more effort than the thirty millions 20 years ago. This means that if prices were to tend upwards, a check might be

put upon the movement by a still farther falling-off of the gold supply. It might not pay to work mines which are now profitable if prices all round, necessarily including wages, as well as commodities, were to rise.

We come, then, to the question whether ordinary demands have continued the same, to which the answer must, of course, be that coincident with the gradually declining supply of gold, there must have been an enormous increase of current demands. The increase of population in the gold-using countries alone must have been nearly 50 per cent. In the United Kingdom alone, the annual rate of increase has been for long nearly one per cent. per annum, 0.83 per cent. between 1861 and 1871, which gives 28 per cent. in 30 years, while in the Australian colonies, the rate of increase is, of course, much greater. Suppose the world's annual supply of gold before 1848, say six millions sterling, was quite sufficient to maintain equilibrium then, which I doubt, the natural increment of population, assuming it to be no more wealthy and to use no more coin per head than the population before 1848, would make the present usual requirement from the gold-using communities in existence before 1848, or their descendents, about nine millions. But the wealth per head has increased enormously. In the paper I read last year on recent accumulations of capital in the United Kingdom, the rate of increase in the 10 years ending 1875, was estimated at 27 per cent., and this rate of increase being deduced from the actual rate of increase in the assessments to the income tax, is not subject to the doubts which may be entertained respecting the totals of the accumulations themselves. Whatever the figures may be at the beginning and end of the period, such has been the rate of increase. Not only then must the requirements of gold-using people be increased by 50 per cent., to allow for the natural increment of population, but another 50 per cent. must be added for the greater wealth per head. This would further raise the usual requirements according to the previous 1848 standard from the above sum of nine millions, which allows for the increase of population only to $13\frac{1}{2}$ millions. The same conclusion is reinforced by a consideration of the quantities of goods dealt with in our principal industries. The production of coal in 1846, as you will see by reference to Mr. Mundella's paper last year, was estimated, in 1846, at 36,000,000 tons; in 1876, it was 133,000,000 tons, or about three times as much. Between 1854 and 1876, or little more than 20 years, the production was rather more than double. The production of pig-iron, again, has increased, between 1840 and 1876, from 1,396,000 to 6,556,000 tons, or about five times, in less than 40 years. The entries and clearances of ships in the foreign trade again have increased from 13,307,000, in 1840, to 51,531,000 tons in 1877, or nearly quadrupled. The imports of raw cotton again have increased from six millions cwt. in 1848, to more than twelve millions cwt. in 1877, or 100 per cent.; and, although this seems less striking than some of the previous figures, it is to be noticed, on the other side, that the exports of cotton-piece goods have

risen from 1,096,751,000 yards, in 1848, to 3,838 million yards in 1877, or nearly four times. But it would be needless to multiply instances. The peculiarity of the period has been the increase of mechanical invention, and the constant augmentation of goods, so that the accumulation of capital above shown is even in less proportion than the increase of the movement in trade which the money in use has to move. It is a moderate calculation, that if only the countries which used gold in 1848, including their colonies, were now using it, the requirements to correspond with the increased population and wealth, would be at least three times what they were, assuming prices to remain in equilibrium.

Nor is this all. The extension of the area of gold-using countries since 1848, first, by the practical inclusion of France, and next, by the more recent inclusion of Germany and the United States, has, no doubt, added to the usual demands to an extent it is unnecessary to determine exactly, but at least by several millions. Thus, while, during the last 30 years, the annual yield of gold has been falling away from its first superabundance, the current demands for the metal have certainly been growing with marvelous rapidity. If there was much need 20 years ago of new channels for the new gold supplies to prevent an enormous rise in prices, it is at least possible that more recently the increasing current demands have been sufficient to use up the diminishing annual supply. So far as we can judge, the point of junction of the two curves must have been at some date within the last 10 years, though in such matters precision is of course impossible. In this view, the fall of prices in the last ten years has been aggravated by a subtler cause than the extraordinary demands for gold which have existed. These demands have come upon a market which apparently had no surplus to spare. They have, consequently been supplied very largely by a continued pressure upon existing stocks, till an adjustment has, at length, been made by a contraction of trade and fall in values.

It may be said, perhaps, that the usual requirements of gold-using countries have been changed from what they were by the extension of the check and Clearing-house system, by the diminished use of gold in the arts, and by similar means. Perhaps there is some diminished use of gold in the arts, but, of course, the only really important question in this matter is the use of gold in coinage, and I should doubt if any great economy in the use of gold has been established in the last 30 years. Excluding Germany and the United States, which have just been added to the number, the principal gold-using countries besides the United Kingdom and its colonies are France, Portugal, Egypt, and the South American countries, but it would be difficult to show, I think, the check system or any other system of economizing money has been greatly extended in those countries in the period. In the United Kingdom, again, all the recognized expedients for economizing money, especially in the check and Clearing-house system, seem to have been fully operative 30 years ago

as they are now. The United Kingdom was very fully "banked" before 1850, the growth of banks and banking business having since been no more than in proportion to the increasing wealth of the community. The circumstances are such, however, that a considerable allowance may be made for the introduction of economizing expedients, without altering the fact that the current gold requirements of the world have increased enormously since 1848, while the annual supplies, which threatened an incalculable rise of prices, have been dwindling away.

Let me add, that whatever doubt may be entertained as to the actual meeting of the two curves of demand and supply of gold during the last few years, apart from extraordinary demands, all the facts and circumstances seem to indicate that the meeting point must come very soon, unless the supply of gold is increased, or economizing expedients introduced and extended. At the recent rate of progress, the current demands may be expected to increase at least 20 per cent. every 10 years, so that if 20 millions annually are now just sufficient for all purposes, not less than 24 millions will be required 10 years hence. In another ten years, the annual requirement will be more nearly 30 millions. If we start from a lower total now, say from 16 millions, all the same, the figure of 20 millions will soon be exceeded. And this without leaving any margin for extraordinary demands, which, experience seems to show, are never wanting, so that, as in a budget, allowance should be made for the unforeseen as in some sense more certain than all that is exactly forecast. If the scarcity of gold has, as yet, contributed very little to our money troubles or the fall in prices, it must, at least, be about to have that effect if no great change comes. Whether such a change is likely to come in the shape of an increased gold supply, it will be for geologists and mineralogists to judge, but it is not reassuring to see how little comes practically of the recent gold discoveries in India and the rediscovery in Midian. Whether, on the other hand, change may come in the shape of economizing expedients, will be a point of no little interest for bankers and all other business men, and for legislators. Considering the slowness with which such expedients become effective when they are first introduced, and the perfection to which they have been brought in countries like England, where they are introduced, I feel great doubts whether much relief can come in this way. On the whole, I see no other outlet from the situation than in the gradual adjustment of prices to the relatively smaller and smaller supply of gold, which must result from the increasing numbers and wealth of the populations of gold-using countries.

III.—*What the fall Explains, and its Consequences.*

The fact of a fall in prices such as has been described, explains a good many things, while the consequences of it, or, to speak more correctly, perhaps, of the more permanent of the causes which have contributed to

it, must be far-reaching. There are one or two topics of importance in this connection on which I have a few brief remarks to offer.

First, we have a sufficient explanation in the fall of prices of much of the falling-off of trade, especially our foreign trade, which is the occasion of so much alarmist writing. There is a constant assertion by some writers of two alleged facts, one, that our foreign trade is diminishing, the other, that foreign countries are gaining what we lose, from which the inference is, that the decline of our trade is to be accounted for by the successful competition of foreigners. Indeed, it is sometimes said that the foreigner is taking the bread out of the mouths of our manufacturers and the men whom they employ. I have never seen this view supported by any careful examination of what the growth of the trade of foreign countries really is, or by a consideration of what goes on in our trade generally, and not merely in particular trades which may be affected here and there by the pressure of foreign competitors; but the question of the fall of prices appears to open up a new view. What if there is no falling-off, or no material falling-off of our trade at all, so that all this writing about our decaying trade, and the gain of foreigners at our expense, is only so much writing in the air? It is clear that an average fall of 20 or 30 per cent. in prices must make all the difference in the world. We are not left to conjecture in the matter. The exports of British and Irish produce show a falling-off in total value, between 1873 and 1877, of about 22 per cent.

The exports, in 1873, were	£255,165,000
“ in 1877, were	198,893,000
Reduction,	£56,272,000

which is almost exactly in the proportion stated. But we have already seen that while the index number of 73.1 falls to be increased in 1873, when a comparison is made with 1861, by the sum of 20.60, the index number falls to be decreased in 1877 by 2.04, so that there has been an average fall of price between 1873 and 1877 of more than 20 per cent.¹ There is nothing in the figures, then, to imply that the quantities of the articles exported in 1877 were less than in 1873. To throw further light on the point, I extract from the report to the Board of Trade, already referred to, a table in which the prices of the articles of export enumerated in the statistical abstract, according to their declared values in 1873, have been applied to the quantities exported in 1877. The result is, that while the aggregate declared value of the enumerated articles in 1877 was 147,801,000*l.*, their aggregate value at the prices of 1873 would have been 191,530,000*l.*, which is within a million of the aggregate value of the exports of the same articles in 1873. There are variations in the

(1) And exclusive, of course, of the additional fall in 1878.

quantities of the articles, some increasing, and others diminishing, between 1873 and 1877, but the upshot is that, if the prices of 1873 had been maintained all round in 1877, the returns, as far as the enumerated articles are concerned, and presumably as regards the remaining articles of trade where the entries are mostly by value only, would have exhibited no decline at all.

It can not be maintained, of course, that a fall of values, only, is immaterial. Profits depend on price, and this is an especially important consideration in the foreign export trade, as regards articles exclusively or mainly of British origin, and where a large part of the value is not constituted by the cost of the raw material previously imported. Our trade may, consequently, be less profitable, though the quantity we turn out has not diminished. But other countries must suffer by the fall in price, exactly as we do ourselves, and the question here is, not of the profitableness of the trade at a given time, but of its extent; and, as to this, the impression that our foreign trade has diminished to any material extent, during the last few years, may be pronounced to be absolutely without foundation. Regarding profit, moreover, I may be allowed to say, in passing, a good deal might be urged in favor of a time like this being really the most profitable in the end, notwithstanding all the complaints of depression. Much of the prosperity of years like 1873 is, in reality, hollow, and much of the dullness of dull time is due to the fact that people are forced to acknowledge themselves not so rich as they thought. But this is, perhaps, taking us away from the matter in hand, which is that of the volume of our trade only.

To be quite fair, it must be acknowledged that, holding our own in such matters is not all that is necessary. If business is to be in a real equilibrium, there should be a steady increase in it *pari passu* with the increase of the population. There has been some real check, then, to the growth of our foreign trade during the last five or six years. But, on the other hand, we must remember that, previous to 1873, there was a marvelously rapid growth, much above the annual average. All things considered, it is yet too soon to complain of the check of the last five years as indicating the beginning of a permanent retrogression.

The second point I shall advert to is the possible connection between the appreciation of gold and the depreciation of silver. It is an obvious enough suggestion that, as silver in the markets of gold-using countries is only a commodity, it will probably sympathize with any general movement in the prices of commodities. Indeed, it has been urged by the Calcutta Government that it is not silver which has changed, but gold. Silver prices, they say, have not perceptibly risen in the Indian markets, although gold has risen. Without going into detail on this subject, which would take up a whole paper by itself, and which we may safely leave to Mr. Bourne, when he comes to read his paper on the silver question, I may be allowed to remark that very likely gold and silver have both

changed. One or two of the causes we have described as likely to produce a general fall in prices; the prolonged discredit and the bad harvests have been as applicable to silver-using as to gold-using countries, and have surely been applicable to India and China, with their tremendous famines, and much rottenness in their foreign trade. It was, therefore, possible that silver prices should have fallen, like gold prices, and the relation between the two metals have been left unchanged; if silver prices have been stationary, or have not fallen so much as gold prices, then, as we can not be sure how much the scarcity of gold has aggravated the fall of prices here, it is difficult to argue from the fall of silver in relation to gold that the difference between them arises from an appreciation of gold only. There may have been depreciation of silver as well, even if of a temporary kind only; the events of the last few years, relating to silver, especially the sudden sales of the stocks of German silver, and the stoppage of silver coinage by the Latin Union, being calculated to have that effect. The wonder, perhaps, rather is that silver has not depreciated still more. Possibly the stock in use in the silver countries is so large that great additions can be easily absorbed; but the change has yet to be tested, we must remember, by a period of good business, and naturally rising prices in the silver-using countries. So far as it goes, however, the depreciation of silver in relation to gold, whatever changes may have occurred in silver itself in relation to other commodities, is not inconsistent with the supposed change in gold in relation to such commodities.

A third point to notice, is the connection between a great fall in prices of commodities and a fall in wages. The two things are inseparably connected. First, in certain trades, and this connection has been especially shown, of late years, in the iron trade; the gross price of the articles produced is so much diminished that, if the cost of labor is unaltered, the laborer will be in receipt of an enormously increased share of what is produced. Say an article formerly selling for 20*l.*, the cost for labor being one-fourth, or 5*l.*, falls in price to 10*l.*, then the 5*l.* given to the laborer would be 50 per cent. of the selling price. It is incredible that so great a change could occur without the laborer being affected, and there have been even greater changes in the iron and coal trades. But, second, in almost all trades especially those in which the cost of labor constitutes a large part of the cost of production, there is necessarily some connection, in the long run, between the money rate of wages and the prices of the usual articles of the laborer's consumption, according to his standard of living. It would take us out of our way to enter into a controversy here about the wages-fund, but it is quite plain that the real wages paid by the capitalist to the laborer consist mostly of commodities; if money-wages remain the same, while commodities fall in price, there is an increase of real wages. In some way or other, then, an adjustment of money-wages to reduced prices becomes inevitable. In miscellaneous industries this

may be effected by the constant action of individual interests, when changes of employment occur; by the steady substitution of superior for inferior workmen; by the transfers of business, enabling the wages of clerks and others to be revised; and by similar means. In more conspicuous trades, where large groups of men are employed, there are notices of reduction on a large scale, as well as these minor instruments of effecting a reduction. But nominal reduction must come somehow, unless there is to be a real rise in wages. The visible opportunity of employers is, of course, the scarcity of employment, and the disorganization of industry which attends a great fall of prices; but employers would obviously be unable to continue paying, for any length of time, really increased wages. There is no Fortunatus's purse which would not quickly be exhausted in such an attempt.

There is another subject of, perhaps, greater complexity, which seems to be suggested. If a general downward movement of prices, due to a comparative scarcity of gold, has begun, are we not on the eve of a reversal of the changes which commenced with the Australian and Californian discoveries—changes so admirably described in Mr. Jevons's well-known book. These changes were, substantially, a gradual lightening of debts for the benefit of the debtor class, and to the immediate loss of annuitants and capitalists, however much the latter might be compensated, in the end, by an increase in the nominal income of their land, houses, and other securities. Now, we may witness a gradual increase of the burden of debts, to the loss of debtors, and for the immediate advantage of creditors; although, in the end, the latter may lose by the relatively diminished nominal income of their securities, following the adjustment of all prices to the new circumstances. There can be no doubt that some such general effect as this must follow, if it should, in fact, turn out that a serious appreciation of gold has set in, and the circumstances of its production and the use of economizing expedients do not change. In the end, the effect in contracting trade is looked forward to with some apprehension by many of our best authorities.

I do not propose to dispute this conclusion here. It would land us in an almost endless controversy, if we were to discuss whether a constant influx of new money, leading to a prolonged rise in prices, does more good or harm, in the long run, than a constant failure of new supplies, to meet current demands, leading to a prolonged fall in prices. A great deal, I imagine, could be said on both sides; the rebound from excessive inflation more than compensating, perhaps, all its alleged benefits, and the additional fall in prices, due to a gradual scarcity of gold, being as nothing, when compared with the falls which take place from time to time, owing to the simple failure of credit. But, while avoiding this discussion, I may, at least, point out that the most serious effects of this incipient gold scarcity will probably be gradual, just as the effect of the discoveries in causing a rise of prices has been much more gradual, and

confined within narrower limits than economists were in the habit of anticipating. Particularly at the present moment, the depression may have gone so far that the accumulating stocks of the precious metals will be sufficient, for a good while, to support a considerable expansion of trade—that it will only be, later on, as prices tend to get back to the former level, that the real pressure of the scarcity will be felt. A year or two's ease in the money market, following the events of last year, will, however, be no proof at all that the causes above described have not been operative, and will not again be operative.

IV.—*Concluding Observations.*

In bringing this long paper to a close, I have only one or two practical observations to offer. The "moral" of much that has been said is clearly this: that, if possible, the scarcity of gold which has contributed to the present fall of prices, and may have further serious effects in future, should, if possible, be mitigated, and should, at any rate, not be aggravated by legislative action. I have expressed great skepticism as to whether, in fact, seeing how slow men's habits are to change, any mitigation is probable in the shape of expedients for economizing money. But it must be recognized that, if bodies of men were amenable to reason in currency questions, and there was really a widely felt belief of serious mischief impending from a gold scarcity, some economizing expedients could be tried. To give only one illustration: I suppose few things are more unlikely than that 1*l.* notes, or notes for less than 5*l.*, will again be introduced in England; but the introduction of such notes alone, with all suitable arrangements for their convertibility, would certainly go far to neutralize even such another extraordinary demand as that for the German coinage. The German demand for gold would, itself, have been much smaller than it was, but for the banking reform which accompanied the coinage, and part of which reform was the abolition of notes of small denominations. The United States pressure for gold during the last few months would also have been far more serious than it has been, if the Government of that country had complicated its resumption arrangements by the abandonment of all greenbacks of from five to twenty-five dollars, and the prohibition of bank notes for such amounts. There seems a possibility of regaining something, then, by re-introducing 1*l.* notes, if the present gold scarcity should continue. I hope I shall not be understood as advocating such a change, or as being insensible to the weight of many practical objections which could be urged against it, if it were immediately proposed. I am only mentioning it as a possible expedient for economizing money, and there are, no doubt, others. As regards small notes, however, it would seem that at least any change by countries which still retain them in the direction of their further abolition, leading to a greater demand for the precious metal, ought to be deprecated. Still more, we ought to deprecate any

change in silver-using countries in the direction of substituting gold for any part of the silver in use. It would be nothing short of calamitous to business, if another demand for gold like the recent demands of Germany and the United States were now to spring up. Even a much less demand would prove rather a serious affair, before a very long time elapsed.

EXHIBIT B.

(Presented by LORD REAY, page 292.)

MEMORIAL OF MR. PROBYN, OF LONDON.

East India United Service Club,
St. James Square, London, May 12, 1881.

The principal function of silver, as money, should be its employment for subsidiary currency; its value should be maintained by this function being encouraged rather than by the extension of its use on the same footing as gold. To use Lord Liverpool's words, "Where the function of the gold coins as a measure of property ceases, there that of the silver coins should begin;" or to describe more exactly the remedy I should apply, "Where the function of the silver coins as a measure of property ceases, there only should that of the gold coin begin."

This division of their functions can only be secured by not striking gold coins of any smaller denomination than the limit fixed as that where the function of the gold coins should begin. If it be determined that the function of gold should begin at 1*l.*, nothing smaller than 1*l.* should be coined in gold.

For some reasons, it is convenient that the function of gold should begin at a lower amount; say, as it does at present in England, at the half sovereign. But if there be a necessity for the increased employment of silver this should be secured, even though it may cause some slight inconvenience, rather by increasing the area of its legitimate and clearly defined function, than by its indiscriminate use as a standard of value, under the same conditions as gold.

Under this proposition silver remains a token currency, and as over-issue, and consequent depreciation, must be guarded against, the effect would not be very important unless a high limit were placed as that below which gold should not be used.

It should be remembered, however, that the effect of the increased use of silver in this manner would be twofold: (1.) The gold, so far as it would otherwise be used for small payments alone, would be saved; (2.) There would be a corresponding increased employment for silver.

The recent statement of the German Delegate shows that nearly 24,000,000*l.* of gold has been absorbed in 5 and 10-mark pieces. If the German Government had determined not to coin any gold coin smaller

than the 20-mark pieces, a considerable part of this large sum of gold might have been saved, and there would have been also an increased use for silver. So in France; if the 10 and 5-franc gold pieces, non-circulating in that country for small payments, were in the form of 20-franc pieces, their place would have been taken by some of the silver 5-franc pieces now uselessly cumbering the bank vaults, and the gold reserve would have been strengthened in a corresponding degree; while, if the gold 10 and 5-franc pieces, now in its balance, were in the shape of full-weight 30-franc pieces, the position of the Bank of France would have been still further improved. And so, too, with England. We probably have 18,000,000*l.* of half-sovereigns in circulation. Some considerable portion of this is employed, exclusively, for small everyday transactions, for which sovereigns are too large to be used. To this extent, then, gold would be saved, by the limit of the gold coin being raised from 10*s.* to 1*l.*, and there would be, to the same extent, increased employment for silver. Some portion, no doubt, constitutes part of our gold reserve, and is the basis of our large payments, and of our note circulation; and, though in respect to this portion there would be no direct saving by raising the limit, such reserve would be more conveniently held in the shape of full-weight sovereigns or in larger gold coins, than in half-sovereigns, which are more troublesome to count, and are specially liable to loss by abrasion. Similar remarks might, doubtless, be applied to the small gold currency of other European countries and of America.

The inconvenience caused by thus raising the limit for the function of silver would be confined to the upper classes. The lower classes have few transactions in which small gold coins find a place, and comparatively many for the settlements of which such coins would be useless; they are, also, more likely to lose small gold than large silver coins. Habit, too, has a great deal to do with it. And inconvenient, no doubt, as the abolition of the half-sovereign, for instance, would be to some of us, it would not, probably, not take long to accustom us to the change.

Further, too, there might be what I will call *token-notes*, partially supported by a silver-token coin reserve for the higher subsidiary payments.

Let us examine the effect of displacing the small gold in circulation in a country by such token-notes.

Such displaced gold would be made up of three amounts:

I. The amount which constituted part of the reserve, and of the basis of large and international transactions, and for the treatment of which, as full standard money, provision would have to be made.

II. The amount required and used, in its present form, for small transactions.

III. The amount ordinarily used for small transactions, but which would require to be changed, at certain seasons, into still smaller values.

The only improvement to the position of silver which the displacement of I would cause, would be the saving of gold wear and tear,

owing to the circulation of paper instead of gold, and owing to the less abrasion in large than in small coins.

The displacement of II. would altogether save this amount of gold.

The displacement of III. would altogether save this amount of gold, and, at the same time, give employment to a corresponding amount of silver.

Allusion has been made to the danger of an over-issue of a token currency. There might be still greater danger of the over-issue of a token currency of which part consisted of paper. But there is a simple way of guarding against it. It is by providing for freedom of exchange of the token into full legal-tender currency, if presented at the proper place in sufficient quantities. Such an arrangement is in force in regard to the token currency of India. A token has been well called a "mint promise to pay." If their "mint promises to pay" are presented in sufficient quantities they would be redeemed. There can then be no fear of an excess issue. But, at the same time, a certain amount of such tokens will always remain in circulation; an amount which will depend on the limit below which full legal-tender money is not available. And if there be a considerable difference between the highest and the lowest token issued, there will be, at certain times, an expansion of the higher and a contraction of the lower token currency, and *vice versa*, to meet which it will be necessary to hold in reserve that description of token currency which it is possible may be required.

I have alluded to the considerable loss which small gold coins suffer by abrasion. The frequent references to this subject, in the correspondence columns of the *Times*, allow its importance, at any rate, in England. The condition of our gold currency is known to be most unsatisfactory. The increased use of token silver, and the employment of token notes, would save much of the loss now occurring from the abrasion of gold, and much of the consequent inconvenience which last holders of worn coins at present suffer.

(Signed)

PROBYN.

NINTH SESSION.

ALFRED HARRISON

NINTH SESSION.

THURSDAY, *June 30th*, 1881.

MR. MAGNIN presided.

After an adjournment of six weeks the members of the Monetary Conference re-assembled on the 30th June, 1881, at 2 P. M., at the Ministry of Foreign Affairs.

There were present:

For Austria-Hungary—

COUNT VON KUEFSTEIN, Councilor of the Imperial and Royal Embassy at Paris, member of the House of Lords.

CHEVALIER ANTONY VON NIEBAUER, Councilor at the Imperial and Royal Ministry of Finance.

For Belgium—

MR. PIRMEZ, Member of the House of Representatives, formerly Minister of the Interior.

MR. GARNIER HELDEWIER, Councilor of the Belgium Legation at Paris.

For Denmark—

COUNT VON KNUTH, Secretary of the Danish Legation at Paris.

For Germany—

BARON VON THIELMANN, Councilor of the Imperial Embassy at Paris.

MR. SCHRAUT, Government Privy Councilor, and Reporting Councilor at the Office of the Imperial Treasury.

For Great Britain—

MR. FREMANTLE, c. b., Deputy Master of the Mint.

For British India—

SIR LOUIS MALLET, c. b., Under Secretary of State for India.

LORD REAY, Peer of Scotland.

For Greece—

MR. BRAILAS-ARMENI, Envoy Extraordinary and Minister Plenipotentiary of Greece, at Paris.

For Italy—

MR. SEISMIT-DODA, formerly Minister of Finance, Deputy of the Italian Parliament.

COUNT CARLO RUSCONI, formerly Minister of Foreign Affairs.

For The Netherlands—

MR. PIERSON, Professor of Political Economy at the University of Amsterdam. Member of the Board of Directors of the Netherlands Bank.

For Portugal—

MR. NAVARRO D' ANDRADE, Chargé d'Affaires of Portugal.

For Russia—

COUNT MOURAVIEFF, Chief Secretary of the Russian Embassy.

For Sweden—

DR. HANS LUDWIG FORSELL, formerly Minister of Finance, President of the Chamber of Finance.

For Norway—

DR. OLE JACOB BROCH, formerly Minister of Marine and Posts, Professor at the University of Christiania.

For Switzerland—

MR. LARDY, Chargé d'Affaires of the Swiss Confederation at Paris.

MR. BURCKHARDT-BISCHOFF, of Basle.

For the United States of America—

MR. EVARTS, formerly Secretary of State of the United States.

MR. THURMAN, ex-Senator.

MR. HOWE, ex-Senator.

MR. DANA HORTON, former Delegate to the International Monetary Conference of 1878.

For France—

MR. J. MAGNIN, Senator, Minister of Finance, President of the Conference.

MR. DENORMANDIE, Senator, Governor of the Bank of France.

Mr. CERNUSCHI.

In declaring the Session opened, THE PRESIDENT desired to welcome the members of the Conference, and to congratulate himself once more on the honor they had done him by calling on him to direct their labors.

The minutes of the Session of May 19th, 1881, were read.

In the course of the reading MR. DANA HORTON asked for various corrections in the proceedings of former Sessions.

Subject to these amendments the minutes of the last Session were approved.

THE PRESIDENT read a letter which he had received from Mr. Vrolik, and in which the Vice-President of the Conference, now unwell, expressed his regret at being unable to attend the first meeting of the new series.

MR. MORITZ LÉVY, whose place at the Conference was to-day occupied by Count Knuth, Secretary of the Danish Legation at Paris, also excused himself, being detained at Copenhagen by private business. The letter which he had written containing interesting information on the monetary question would be annexed to the minutes.¹

THE PRESIDENT likewise informed the Conference that he had been officially apprised of the appointment of Mr. Navarro d'Andrade, Chargé d'Affaires of Portugal at Paris, in the place of Count San Miguel, summoned to Lisbon on public business, and of the appointment of Count Mouravieff in the place of Mr. De Thoerner, whose state of health did not allow him to return to Paris. Mr. Moret y Prendergast had also excused himself, owing to the health of a member of his family.

THE PRESIDENT, whose duties as Minister of Finance would frequently call him to the French Chambers, where the Budget of 1882 was now being discussed, feared he could not take part as much as

¹ Exhibit A, p. 379.

he should wish in the labors of the Conference, and asked whether it would not be expedient to proceed, in the absence of Mr. Vrolik, to the nomination of a second Vice-President. This appointment would take place at the next Session, in case only that he learned that the chief Delegate of the Netherlands was unfortunately prevented from attending the future meetings of the Conference.

This proposition was adopted.

MR. LARDY, Delegate of Switzerland, apologized for Mr. Kern, who had been summoned to Switzerland by his Government, and was unable to return in time for the first meetings of the new Session.

MR. FREMANTLE, Delegate of Great Britain, also conveyed to the Conference the regret of Sir Alexander Galt, whom the affairs of the Dominion had recalled to Canada.

MR. SEISMIT-DODA, Delegate of Italy, informed the Conference of the impending arrival of Mr. Luzzatti, but doubted whether Mr. Simonelli's new functions of Under Secretary of State at the Ministry of Agriculture and Commerce would allow of his soon returning to France.

MR. DANA HORTON laid on the table of the meeting three documents, the presentation of which he had announced at previous Sessions¹, also a note on the simultaneous circulation of the two metals in France, and a table of the monetary circulation in the United States. It was agreed that these documents should be added at the close of the journal.²

MR BROCH, Delegate of Norway, presented to the Conference two notes, one on the industrial use of the precious metals in Norway, the other on the monetary situation of Norway, after the substitution of the gold for the silver standard in that kingdom.³

MR. CERNUSCHI, Delegate of France, submitted a table of the coinage of silver on the account of the Treasury in France since 1874. It was agreed that this table should be published at the end of the present Minutes.⁴

¹ See pp. 385-90.

² See Exhibits B, and C, pp. 385-90.

³ Exhibits D and E, p. 391-97.

⁴ Exhibit F, p. 398.

MR. PIRMEZ, Delegate of Belgium, laid on the table a reply to Mr. Cernuschi's questions respecting the coinage of silver money since 1874.¹

COUNT KUEFSTEIN, Delegate of Austria-Hungary, announced that he should present, as soon as they had been translated, the replies given by the Government to the request for information made by the Conference.² He offered, moreover, on behalf of his Government, for the library of the Conference, all that had appeared of the annual of the Central Statistical Commission Return, 1865 and 1879, as well as the Statistical Bulletin of the Austro-Hungarian Monarchy from 1867 to 1876.

THE PRESIDENT begged the Delegate of Austria-Hungary to transmit to Vienna the expression of the thanks of the Conference for the gift of these two valuable collections.

MR. PIERSON, Delegate of the Netherlands, presented the letter written to the Minister of Finance at the Hague by the Netherlands Bank on being consulted on the monetary question. This letter would be annexed to the Minutes.³

THE PRESIDENT asked the Conference to fix the order of its labors. The programme marked out by the Delegates comprised two very distinct parts, the general discussion and the discussion of the *Questionnaire*. In the course of the previous sessions, the first part of the programme had been the object of serious and thorough debates, the entire substance of which was given in the minutes recently published. The second part of that programme remained to be entered upon. But after a separation which had lasted nearly six weeks, and particularly after the Governments had been informed concerning the labors of the Conference, and had been enabled to examine and form an opinion upon them, would it not be well to adjourn for a day or two, in order that, in private conversations, the Delegates might exchange views and settle their course. Was the Conference of the opinion that it must enter immediately upon the discussion of the *Questionnaire*, or would it prefer to adjourn to an early day.

MR. DENORMANDIE, who expressed himself as coinciding in the reasons which The President had urged, supported the motion for adjournment. The next meeting might be fixed for Saturday.

¹ Exhibit G, p. 399.

² Exhibit H, p. 404.

³ Exhibit I, p. 412.

THE PRESIDENT put this proposition to the vote, and it was adopted.

Owing to his being obliged to attend the discussion of the Budget on Saturday, The President expressed a wish that the next meeting of the Conference should be fixed for 12.30 p. m.

This proposition was adopted.

The Session concluded at 3.30 p. m.

EXHIBITS OF THE NINTH SESSION.

EXHIBIT A.

LETTER OF MR. MORITZ LEVY, DELEGATE OF DENMARK, TO THE
FRENCH MINISTER OF FINANCE, PRESIDENT OF THE MONETARY
CONFERENCE. (p. 376.)

Copenhagen, June 27, 1881.

Sir—Being prevented by private business from having the honor to participate, as Delegate of Denmark, in the resumption of the labors of the Monetary Conference, I take the liberty to address you this letter for the purpose of submitting to you my views of what, in my opinion, could be done to give a satisfactory solution to the important question which is now the subject of the deliberations of the Conference, and especially to avert the difficulties which, as is asserted in well-informed quarters, there is reason to fear may arise from the present situation.

At the same time, I must beg of you, sir, to consider this communication as the expression of my personal opinion only, and as in no way committing the Danish Government.

Permit me, at once, to confess that I have not been able, in any view of the matter, to persuade myself of the advantages of bimetallism. I am as convinced to-day that the Scandinavian countries pursued a wise monetary policy in adopting the single gold standard in 1872, as I was at the time when I was occupied in laboring for the realization of that reform.

Among the disadvantages of bimetallism, I may be allowed to point out, in particular, the following:

I. The relative value of gold and silver being subject to variations, like that of every other product, the fixing by law of a constant and unchangeable relation between the two metals would, after a limited time, entail the result that banks of issue would only be able to redeem their

notes in silver, and that this last-named metal would become the real medium of international payments, unless, indeed, the value of silver had been fixed too low.

It is certain that the people of the different civilized countries prefer gold to silver, and reject the latter; this has been shown by the experience of France and the United States of America. The result will be, beyond all doubt, that the banks of issue, not being allowed to refuse silver, will become the reservoirs for the accumulation of that metal, so that, in the course of time, the banks will hold nothing but silver for the redemption of their notes and for the settlement of international transactions.

II. The commercial value of silver in relation to gold has, during the three years last past, been nearly as 1 to 18; now, if the ratio between these two values be fixed by law at the proportion of 1 to $15\frac{1}{2}$, and if this ratio be adopted by several great countries, the commercial value of silver will necessarily rise at once. It follows that the production of this metal will be stimulated, and might even attain such proportions that the total money-mass would be increased very much beyond the natural requirements.

The consequence would be a general rise in the price of all the necessities of life, such as took place after the discovery of the auriferous deposits of California and Australia.

Such a state of things would work to the injury of all those who live upon fixed incomes, and, what I consider still more important, would change the conditions of living in the case of the millions of workpeople who earn their bread by daily wages.

Experience has sufficiently proved that, only after conflicts and struggles do wages reach the level of a rise in the price of articles absolutely required for subsistence.

If, therefore, I do not believe that there is any occasion for a country having a monetary system based upon the gold standard to exchange the same for one based upon bimetallism, nevertheless, I am not prepared to deny that the present situation, produced, as it has been, by various causes, may lead to difficulties, if the circumstances which brought it about continue to exert an influence during any considerable time.

So far as concerns silver, it must be admitted that the fall in its price does constitute an obstacle to the development of commercial relations between many countries of Europe and the countries of Eastern Asia, whose monetary system is based upon silver; and that the falling value of this metal exerts a most hurtful influence as respects the large amount of European capital employed in Asia.

Further, a prolonged depression in the price of silver would lead to another difficulty in all those countries having a limited or unlimited circulation of the white metal, viz., that the considerable divergence between the nominal and intrinsic value of the silver coins would be, of it-

self a temptation to counterfeiting. Even without debasing the alloy or reducing the weight of the coins, such fraudulent manufacture would be remunerative, provided it were carried on upon a sufficiently great scale.

If it be true, as it appears, that there is too much available silver upon the market, the contrary seems to be the case with gold. The existing stock, together with the annual yield, is hardly large enough to allow of Europe submitting longer to so heavy an exportation of this metal as has been witnessed during the past three years, without compelling a resource to measures necessary in periods of monetary crisis.

Until now, Europe has been able, without difficulty, to furnish the United States of America the quantity of gold required for the payment of the supplies of food which the former has imported; but if this situation continues, if several bad harvests in Europe render necessary the continued importation of provisions from America, and if the latter country, in pursuance of its protectionist policy, prevents Europe from paying in European products and manufactured articles, then the exportation of gold to America must go on, and this state of things might be prolonged until the American circulation became glutted with gold.

It is true that the regular annual production of the yellow metal will assist Europe in its settlements with America, but, at the same time, if any country should succeed, by extraordinary means, in extracting gold, as Italy is, just now, endeavoring to do; it is certainly doubtful whether the three great reservoirs of that metal in Europe, the Bank of England, the Bank of France, and the Bank of the German Empire, would be able to stand the drain without causing a long-continued and severe pressure upon the monetary circulation of the different countries.

Such is the situation. What are the means to prevent the evils with which it seems to menace us? My answer is here:

The remedy must be sought in a more extended employment of silver, and in a more restricted use of gold. Silver must become, in a much greater degree than at present, a necessary part of the circulation needed for the smaller domestic business of each country, while gold would serve only as the metallic reserve guaranteeing the notes of banks issued in larger sums, and as the means of settlement in international transactions.

Both of these objects would be attained if all the States represented at the Conference, or, at least, the seven great powers, France, England, Germany, Russia, Austria-Hungary, Italy, and the United States of America (the other countries are of minor importance in this matter), would unite in the adoption of the following measures:

I. Retire from circulation all notes of a nominal value of less than 20 francs, or an amount corresponding thereto, in other denominations.

II. Retire from circulation all gold pieces of less value than 20 francs.

At one of the early Sessions of the Conference, the honorable Delegate of Russia remarked, in connection with the Declaration made on the part

of Germany of her willingness to withdraw the German five-mark gold pieces, that such a measure should be extended to gold coins corresponding to 10-franc and 10-mark pieces; but such an operation, undertaken by itself, would, in my opinion, prove insufficient, unless preceded or accompanied by the withdrawal of all the classes of notes referred to above; in fact, silver is driven away much more by small bank notes than by the little gold pieces.

The essential thing, as I observed above, would be to render the use of silver necessary in every day dealings. The great obstacle to this is the presence of the immense quantity of national notes and bank paper of small denominations which is to be found in the civilized world, and, in part, unsecured by any metallic reserve. These notes and the small gold coins are, in a certain degree, an obstacle in the manner indicated.

But, first in importance, should be the suppression of the low denominations of paper money; for, if the gold pieces retired are replaced by notes, these latter will not serve to increase the quantity of gold available in those countries which, in respect to the issue of bank notes, follow the rules of the Bank of England. In such a case, the gold coins would simply be turned into the reserve to secure the increased issue of notes which, in the circulation, would have replaced the coin. The withdrawal of the gold pieces could only augment the quantity of gold disposable for international exchanges in those countries where bank paper is not based upon a metallic reserve, or where silver occupies the place of the other metal.

I will now, with your permission, point out the practical consequences of the measures which I have just recommended. It will only be necessary to consider the seven great countries above named, the position of the other States have no essential importance in the general consideration of the question. Furthermore, these latter have no small notes in their currency except such as are entirely secured, as, for example, in the Scandinavian kingdoms.

According to the information that I have been able to obtain, the amount of notes in circulation having a nominal or face value of less than 20 francs is as follows:

	<i>Francs.</i>
Germany—Pieces of 5 marks	50,000,000
Austria-Hungary—Notes of 1 and 5 florins	430,000,000
Russia (approximately)—Notes of 1, 2, and 3 roubles	1,000,000,000
Italy—Notes of $\frac{1}{2}$, 1, 2, 5, and 10 francs	559,000,000
United States of America—Notes of 1 and 2 dollars	230,000,000
TOTAL	<i>Fr.</i> 2,269,000,000

In order to get at the amount of gold pieces of less than 20 francs, which I propose should be withdrawn from circulation, we evidently can not take the quantity coined as the basis of our estimate. During the course of time a large number of these pieces have been melted down

and exported; a great many are held by the banks, of which they make up part of the metallic reserve. We must, therefore, only take into consideration the sum total of these coins actually in use in the currency. This figure can only be arrived at by means of estimates; but I think I shall not be far from the truth in taking the amount of gold pieces of less than 20 francs in value, and actually in circulation, at the following:

	<i>Francs.</i>
Germany—Pieces of 5 and 10 marks	250,000,000
France (with Belgium and Switzerland)—Pieces of 5 and 10 francs	600,000,000
England—Half-sovereigns	450,000,000
United States of America—Pieces of 1 and 2½ dollars.....	250,000,000
TOTAL	<i>Frs.</i> 1,550,000,000

A sum of one milliard and a half in gold might thus be withdrawn from circulation, which amount of that metal would thus become available for international settlements, while, at the same time, a great quantity of silver would be needed to take the place of the gold and paper money retired.

According to the figures given above, there would be employment, in round numbers, for two milliards and a quarter and one milliard and a half, or a total of three milliards¹ and three-quarters of francs in silver; but there is reason to think that the proposed operation would not require so great a sum in that metal.

It must be remembered that a portion of the small gold pieces retired would be replaced by gold coins of a larger denomination; and likewise many of the smaller notes by paper representing larger amounts. I am, nevertheless, convinced that the complete carrying out of the plan thus presented would necessitate a new currency of silver coins to the extent of two milliards of francs at least.

Such increase from, as I may say, a new direction of one milliard and a half in the available mass of gold, equivalent to the annual product of three years, and a new-found employment of silver to the amount of two milliards would, beyond doubt, remove all fear of a diminution in the supply of gold, and, at the same time, would not only prevent a further fall in the price of silver, but would much more likely cause a progressive rise in its value, which might finally approach the ratio formerly existing between silver and gold.

By these means the harm which is feared would be averted, and in a manner much more lasting and natural than any that bimetallism will ever be able to offer.

This plan presents, it is true, one disadvantage, but one, fortunately, easy of remedy.

In those countries where, up to the present time, the little gold piece

(1) I have every-where used the word "milliard" for convenience, instead of its English equivalent "thousand millions."—Translator's note.)

has, in fact, been used for small change, as the half-sovereign in England and the 10-franc piece in France, and in the countries where notes of corresponding amounts have served the same purpose, complaints will be heard of being compelled in the future to carry upon the person a greater weight of silver than it had been the habit formerly to do.

But what is there to prevent the creation of a representative of the silver piece, in like manner as gold is represented by large notes?

I think there would be no danger in issuing a paper money, silver notes, which would circulate in the place of the bulky silver coins, such as the five-franc, the five-mark, and the five-shilling piece, provided three things be kept in view:

1st. The silver notes should be secured by a precisely corresponding amount in silver.

2d. So far as concerns the sum for which these notes would be legal tender, the limit should be the same as that for the silver coins which they represented; thus, in England the use of such notes would be limited to payments not exceeding 2*l.* sterling.

3d. In countries having the single gold standard, the State should be obliged to redeem the notes under the same rules which are established in each country in relation to the convertibility of its silver coins.

In this way every necessary guarantee would be obtained against an inundation of little notes, and the currency of the different countries would be ordered in such wise that gold would answer the requirements of international transactions, and would remain a fund for the redemption of the large denominations of bank notes, while silver would serve in small domestic dealings, and as the metallic basis for the silver notes whose legal tender faculty would be limited as indicated above.

Thus, do I believe, sir, that the interesting question now occupying the attention of the Monetary Conference may be solved without the necessity of a radical breach with the principles upon which are based the monetary systems of the different countries; for the requirement that the small, irredeemable notes should be got rid of, or provided with a redemption fund, is only what every State having an inconvertible paper currency is constantly striving to attain, and the further requirement that certain States should exchange the use of their little gold pieces, many of which are much rubbed and worn, for silver coins or notes completely secured, can scarcely be regarded as calling for a sacrifice, especially when the object we are all seeking is immunity from troubles and difficulties of which the consequences may disturb the economic development of our different countries.

While leaving it, then, entirely to your good judgment, sir, whether or not to make known to the Conference the plan which I have taken the liberty to submit to you, I seize the occasion for renewing to you the assurance of my highest regards.

(Signed)

MORITZ LEVY.

Director of the National Bank.

EXHIBIT B.

(Presented by Mr. DANA HORTON, page 376.)

HISTORICAL NOTE ON THE CIRCULATION OF THE TWO METALS
IN FRANCE, 1726-1785.

In monetary controversy the assertion is often heard, that the "double" standard has always been merely an optional, an alternative, standard, and never really composite or "bimetallic;" that it has never happened that a double standard country long enjoyed the great monetary *desideratum*, a simultaneous circulation of the two metals.

Some researches I have had occasion to make into the monetary history of France have enabled me to show with absolute certainty that this assertion is erroneous.

I cite the following authorities: Charles Alexandre de Colonne, the Finance Minister of Louis XVI., who proposed, and executed, the famous project of the recoinage of the gold coins at $15\frac{1}{2}$, in 1785; and Martin Michel Charles Gaudin, Duke of Gaieta, Finance Minister between 1799 and 1813.

In his "Explanation of the Operation of the Recoinage of the Gold Coins," Colonne says:

"In 1726 the legal ratio was fixed in France at 14 marks 5 ounces of silver to a mark of gold; and that which proves with how much sagacity this point was seized, is the fact, that, during a long course of years, France retained in her circulating medium a sufficiently large proportion of each metal. Nevertheless, her gold gradually became less common, and, for some years this scarcity has rapidly increased; and this precisely because its legal value has always remained the same, while its metallic value has increased from year to year."

Further on he gives 650 millions of *livres* in *louis d'or* as the amount of *louis* in existence in 1785, and 1,300 millions of *livres* as the total amount of *louis* coined at the recoinage of 1726, and in the following period down to 1785.

In his "Second Report to the Consuls on the Coinage" (1803), Gaudin observes that during the long period between 1726 and 1775 no one had observed that the low proportion of $14\frac{1}{2}$ had caused any inconvenience,

but that in 1785 a voice was heard saying that foreigners were carrying off gold from France.

With her traditional hoard of silver, and with the gold circulation thus indicated, it is safe to say that, in the 50 years that followed 1726, France enjoyed a simultaneous and sufficient circulation of both gold and silver.

EXHIBIT C.

(Presented by MR. DANA HORTON p. 376.)

STATEMENT OF THE MONETARY CIRCULATION OF THE UNITED STATES.

I.

Résumé of the operations for resumption of specie payments.

The law of 14th June, 1875, ordained that on and after 1st January, 1879, the Secretary of the Treasury should redeem the Legal Tender Notes (Greenbacks) of the United States, then existing, which should be presented for reimbursement in sums of 50 dollars and over.

These notes did not have forced currency either for the payment of customs duties or of interest on the public debt.

The Treasury Department, on and after 1st January, 1879, accepted the greenbacks in payment of customs duties. The Department paid only gold for the greenbacks which were presented.

It has redeemed the following amounts:

Month.	1879.	1880.
	Dollars.	Dollars.
January.....	1,571,725	71,500
February.....	909,249	72,080
March.....	952,766	43,020
April.....	699,773	16,000
May.....	1,339,883	51,000
June.....	2,503,302	47,200
July.....	954,800	25,000
August.....	981,400	22,000
September.....	603,485	150,000
October.....	740,295	9,000
November..	77,499	.....
December.....	122,359	.....

There were in the Treasury, 1st November, 1880:

	Dollars.
Gold Coin.....	60,210,179 75
Gold Bullion.....	80,742,657 99
Silver Bullion.....	6,043,367 37
Silver Dollars.....	47,084,459 00
Fractional Coin.....	24,629,489 89
Total Dollars.....	218,710,154 00

of which \$141,597,013.61 were available for the redemption of Greenbacks.

II.

STOCK ON HAND OF THE PRECIOUS METALS.

	Gold Coin.	Silver Coin.		Trade Dollars.	Total.
		Dollars.	Frac'l Coin.		
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
In the Federal Treasury, 1st November, 1880.....	60,210,179 75	47,084,459 00	24,629,489 89	.....	31,924,128 64
In the National Banks, 1st October, 1880.....	95,675,472 00	(a) 2,500,000 00	2,830,375 00	.....	101,005,829 00
In the various State Banks..	17,102,130 00	} 23,263,291 00	44,969,948 00	(c) 7,000,000 00	292,658,507 00
In private hands.....	(b) 200,323,138 00				
Total Coin.....	373,310,919 75	72,847,750 00	72,429,794 89	7,000,000 00	525,588,464 64
Silver and Gold Bullion in the Treasury, 1st November, 1880.....	Gold. 80,742,657 99	Silver. (d) 6,043,367 37	.....	.....	.....
Total Bullion.....	.....	.....	.....	.....	86,786,025 36
Total Coin and Bullion (e)...	.....	.....	.....	.....	612,374,490 00

(a) Approximation.

(b) Estimate of Mr. Burchard, Director of the Mint.

(c) Estimate of Mr. Burchard, Director of the Mint. These pieces still circulate, although they are no longer legal tender; there are banks and individuals who take them at par with the standard dollar or gold, and others who do not accept them, or who take them only for 90 dollars 95 cents, etc.

(d) Gold and silver bullion is valued at the rate of 16 = 1.

(e) I make no estimate of gold and silver bullion in private hands.

III.

STATEMENT OF THE FIDUCIARY CIRCULATION AND OF THE PAPER MONEY IN THE UNITED STATES, ACCORDING TO THE REPORT OF MR. KNOX, COMPTROLLER OF THE CURRENCY.

Denomination.	1880.			1879.	1878.
	National Bank Notes.	Legal Tender.	Total.	Total.	Total.
Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1	2,292,462	21,954,900	24,247,362	22,887,502	24,652,750
2	1,207,260	21,829,318	23,036,578	21,030,863	22,915,066
3	99,910,760	67,132,138	167,042,898	159,522,853	148,116,015
10	113,820,580	75,835,008	189,655,588	181,447,558	168,908,071
20	75,631,560	72,088,277	147,719,837	141,445,933	131,785,709
50	21,418,300	24,359,175	45,777,475	46,177,945	47,658,995
100	26,888,900	33,069,700	59,958,600	58,339,780	58,331,470
500	639,500	16,126,000	16,765,500	23,088,000	31,159,000
1,000	239,000	14,401,500	14,640,500	23,111,500	33,794,500
5,000 .....	.....	565,000	565,000	3,250,000	.....
10,000 .....	.....	320,000	320,000	2,500,000	.....
Fractions of notes.....	15,129	.....	15,129	13,586	11,561
Total.....	342,063,451	347,681,016	689,744,467	682,815,520	667,333,137
To be deducted for Greenbacks destroyed in the Chicago fire.....	.....	1,000,000	1,000,000	1,000,000	1,000,000
Total.	342,063,451	346,681,016	688,744,467	681,815,520	666,333,137

Of these amounts there were, on the 1st October, 1880, in the 2,195 National Banks:

	Dollars.
Greenbacks.....	56,600,000
National Bank Notes.....	18,200,000
Total.....	74,800,000

According to the report of Mr. James Gilfillan, Treasurer of the United States, there were, on 30th September, 1880, in the Federal Treasury:

	Dollars.
Greenbacks.....	27,901,594
National Bank Notes..	3,508,529
Total.....	31,410,123

IV.

STATEMENT OF THE MINTAGE OF COINS IN THE UNITED STATES
IN THE YEARS 1877, 1878, 1879, ACCORDING TO THE REPORT OF
MR. BURCHARD, DIRECTOR OF THE MINT.

Denominations.	1877.	1878.	1879.
Gold.			
Double-eagles.....	Dollars. 43,529,700 00	Dollars. 45,916,500 00	Dollars. 28,889,260 00
Eagles.....	211,490 00	1,031,440 00	6,120,320 00
Half-eagles.....	177,660 00	1,427,470 00	3,727,155 00
Three-dollars.....	4,464 00	246,970 00	9,090 00
Quarter-eagles.....	72,630 00	1,160,650 00	331,325 00
Dollars.....	3,920 00	3,020 00	3,030 00
Total.....	43,999,864 00	49,786,052 00	39,080,080 00
Silver.			
Trade-dollars (a).....	13,092,710 00	4,259,900 00	1,541 00
Standard-dollars.....		22,495,550 00	27,560,100 00
Half-dollars.....	7,540,255 00	726,200 00	2,950 00
Quarter-dollars.....	6,024,927 50	849,200 00	3,675 00
Twenty-cents.....	102 00	120 00	
Dimes.....	1,735,051 00	187,880 00	1,510 00
Total.....	28,393,045 50	28,518,850 00	27,569,776 00
Nickel and Copper.			
Five-cents.....		117 50	1,455 00
Three-cents.....		70 50	1,236 00
One-cent.....	8,525 00	57,998 50	162,312 00
Total.....	8,525 00	58,186 50	165,003 00
General Total.....	72,401,434 50	73,363,088 50	66,814,859 00

(a) The trade-dollars, 420 grains, 9-10th fine, have no legal-tender power.

V.

MINTAGE OF SILVER COINS SINCE 30TH JUNE, 1871.

Years.	Fractional Coins.	Standard Dollars.	Trade Dollars.	Total.
	Dollars.	Dollars.	Dollars.	Dollars.
30 June, 1872.....	1,916,873 05	1,112,961		3,029,834 05
" 1873.....	1,968,645 50	977,150		2,945,795 50
" 1874.....	2,394,701 30		3,588,900	5,983,601 30
" 1875.....	4,372,868 00		5,697,500	10,070,368 00
" 1876.....	12,994,452 50		6,132,050	19,126,502 50
" 1877.....	19,387,035 00		9,162,900	28,549,935 00
" 1878.....	8,339,310 50	8,573,500	11,378,010	28,290,825 50
" 1879.....	382 50	27,227,500		27,227,882 50
" 1880.....	8,687 50	27,933,750		27,942,437 50
1 June, 1881.....		(a)28,000,000		28,000,000 00
Totals.....	51,382,955 85	93,824,861	35,959,360	181,167,181 85

(a) Estimate.

EXHIBIT D.

(Presented by DR. BROCH, page 376.)

NOTE ON THE INDUSTRIAL USE OF THE PRECIOUS METALS IN NORWAY.

In response to the question propounded by the honorable Delegate of Switzerland, Mr. Lardy, in the Session of May 10, 1881: "What is the importance of the industrial use of the precious metals, and, notably of gold?" I have the honor to present to the Conference the following table on the use of gold and silver in manufactures in Norway, with the exception of the consumption in photography. The silver that is used comes in the form of silver ingots; silver utensils melted and worked anew into utensils, or jewels, are not included. The gold comes, almost invariably, in the form of domestic or foreign gold coins. Silver or gold jewels imported from abroad are not included:

INDUSTRIAL USE OF SILVER AND OF GOLD.

YEARS.	FINE SILVER.	FINE GOLD.
	<i>Kilog.</i>	<i>Kilog.</i>
1870	1,400	20
1871	1,340	18
1872	1,580	21
1873	1,940	*20
1874	1,440	28
1875	2,200	29
1876	1,700	24
1877	1,680	22
1878	1,400	21
1879	1,480	19
1880	1,470	20
Yearly average	1,694	22

EXHIBIT E.

(Presented by DR. BROCH, page 376.)

STATEMENT OF THE MONETARY SITUATION OF THE KINGDOM OF NORWAY BEFORE AND AFTER THE TRANSITION FROM THE SILVER TO THE GOLD STANDARD, BY DR. O. J. BROCH.

The former monetary system of Norway was constituted under the law of June 14, 1816. This system was based upon the single standard of silver. The unit was the speciesdaler, of which 37 were coined at 0.875 fine out of four Cologne marks of pure silver. The weight of the mark of Cologne was fixed in Norway by the law of the 28th of July, 1824, relating to weights and measures, at the proportion of one pound equal to two marks of Cologne, which contained 123,144.5 gran in Norwegian commercial weights, which gives for the Cologne mark a weight of grammes, 233.99335. In Denmark and in Hamburg, the mark of Cologne was worth a little less, viz: grammes, 233.85489; in Prussia, it was worth grammes, 233.8555. The ancient ounce of Charlemagne was equal to 1-400th of the pile of Charlemagne, or grammes, 30.594, and the mark of eight ounces was, therefore, originally equal to grammes, 244.752.

The Norwegian speciesdaler was therefore, of grammes, 28.9104 in weight at 0.875 fine, and contained grammes, 25.2966 of pure silver. Compared with the five-franc silver piece, the speciesdaler was worth 5 fr. 62 centimes.

Coins were struck of the same fineness, in subdivisions of one-half, one-fifth, one-tenth, and one-fifteenth of the speciesdaler, and were current as full legal tender; the speciesdaler was divided into 120 skillings.

In Sweden and in Denmark, coins were struck resembling the Norwegian speciesdaler and of the same standard of fineness, but the weight, and, consequently, the amount of pure silver contained in them, differed a little.

The Swedish speciesdaler contained.....	grammes, 25.5045	of pure silver.
The Danish speciesdaler contained.....	grammes, 25.2816	" "
The Norwegian speciesdaler contained.....	grammes, 25.2966	" "

The Danish speciesdaler coincided with the Hamburg-banco reichsthaler, or three marks Hamburg-banco, an uncoined money of account; thus, 59½ marks banco represented 500 grammes of pure silver

In Sweden, the monetary unit was the riksdaler, equal to one-fourth of the Swedish speciesdaler, which was divided into 100 öre. In Denmark, the monetary unit was the rigsdaler, equal to one-half of the Danish speciesdaler, which was divided into six marks, and the mark into 16 skillings, and so the rigsdaler into 96 Danish skillings.

Of current coins having full legal tender, there had been struck in Norway, under the law of 1816, up to the close of the year 1873, a total of 3,934,355 speciesdaler, 16 skillings, as follows:

Of speciesdalers.....	2,518,155	spd.	
Of one-half do.....	436,462	"	60 sk.
Of one-fifth do.....	462,102	"	96 "
Of one-tenth do.....	462,860	"	60 "
Of one fifteenth do.....	54,774	"	40 "
Total.....	3,934,355	spd.	16 sk.

The coinage had almost exclusively been done for account of the Bank of Norway. The seigniorage, paid at the mint at Königsberg for mint charges, was 2 per cent. on the 1 sk. and half-speciesdaler pieces, and $2\frac{1}{2}$ per cent. on the divisional coins of one-fifth, one-tenth, and one-fifteenth speciesdaler.

A part of the speciesdalers had been, from time to time, exported to Hamburg and turned into silver bars at the bank of that city.

Swedish and Danish current coins circulated side by side and at par with those of Norway.

The actual currency, outside of the reserves of the National Bank, was almost exclusively paper, with bank notes of 5, 10, 50, and 100 speciesdalers, redeemable on demand. The current coins of one-half, one-fifth, one-tenth, and one-fifteenth speciesdaler were the only ones that actually circulated. Pieces of one-half speciesdaler were even rare. In small dealings it was common to reckon in one-fifth of the speciesdaler, called "ort," which thus became, so to speak, the people's unit.

In Sweden and Denmark, the active circulation was, likewise, preferably of paper money. The smallest denomination of bank notes was, at that time in Sweden, the note of one riksdaler, and, in Denmark, the note of five rigsdalers.

The metallic reserve of the Bank of Norway was largely composed of Danish speciesdalers and silver in bars. The bank is allowed to place as much as one-third of its specie reserve in the hands of its foreign correspondents. That institution buys bills upon foreign countries, and forwards them immediately to its correspondents to collect and hold the proceeds; the bank then sells bills at short date, drawn upon its correspondents, and thus, by these operations, maintains near par, or within very narrow limits, the rates of exchange on the principal places with which Norway has commercial relations. When the payment of the trade balance of the country necessitated exports of silver, the bank frequently itself shipped the metal to its correspondents, upon whom it afterwards drew and sold bills.

The note circulation of the Bank of Norway, the sole bank of issue, amounted at the close of the year 1873 to 11,794,633 speciesdalers. At the same period, the monetary circulation outside the bank in current silver, together with the silver and copper token coins, may be estimated at 1,000,000 of speciesdalers, including the Swedish and Danish coins which circulated in Norway.

The total circulation, therefore, not counting the reserves of the bank, was 12,800,000 speciesdalers. The population of Norway at that date was estimated at 1,780,000 inhabitants, which gives a note and coin circulation of 7.2 speciesdalers, or 40 francs and 40 centimes per inhabitant.

The metallic reserve of the Bank of Norway was, at the same period, 8,593,435 speciesdalers, including the portion thereof put out in foreign countries.

The transition from the silver standard to that of gold took place in Norway, on the 1st of January, 1874, by virtue of a law of the 4th of June, 1873.

The Bank of Norway had already been authorized to change a part of its reserve into gold by a law of the 17th of June, 1869, passed in consequence of the

International Monetary Conference at Paris, in 1867. The management of the bank took advantage of this privilege to sell silver from time to time, and to buy gold. The transformation was chiefly accomplished by sending silver coin to Hamburg, where it was changed into "Hamburger banco-marks" at the rate of $118\frac{2}{3}$ marks for the kilogram of pure silver. By the German monetary reform, the Hamburg mark-banco was subsequently changed to gold at the rate of 2 mark-banco=3 reichsmarks, therefore, at the ratio of 15.674. The metal reserve of the bank, including the capital left with correspondents at Copenhagen, Hamburg, and London, was, towards the close of the years:

	1871.	1872.	1873.
Silver.....	Speciesdalers. 6,483,136	Speciesdalers. 6,839,308	Speciesdalers. 1,535,448
Gold.....	105,827	722,002	7,057,987
Total Reserve.....	6,588,963	7,561,310	8,593,435

The transition to the gold standard took place simultaneously in the three Scandinavian kingdoms. It was admitted without discussion, and without being referred to in the Scandinavian Monetary Treaty of 18th December 1872, as resting in right, and as being an unquestionable international obligation that each State was responsible for the coins struck at its mints and bearing its arms, and that in case of demonetization and transition from the silver standard to that of gold, such State should retire its current coins as well as its fractional currency of silver, alloy, or copper, and exchange them for gold. Thus, as early as the autumn of 1873, the Government of Denmark received from the Bank of Norway, 2,000,000 speciesdalers in Danish silver, and paid for them in gold.

Under the law of June 4, 1873, the old silver coins have, from and after the 1st of January, 1874, been reduced to the condition of subsidiary currency with legal tender power limited to 5 speciesdalers or 20 crowns. The Government is, however, not only obliged to receive them for all payments without limit as to amount, but also to exchange them for gold coins.

The demonetization of the old silver and copper money, and the manufacture of fractional coinage suitable to the new system of crowns, was carried out under a law of the 17th of April, 1875.

The speciesdaler was transformed into four kroner or crowns of the new monetary system. Gold pieces of 10 and 20 crowns were struck in pursuance of the laws of June 4, 1873, and April 17, 1875, at a standard of 9-10ths fine; 248 pieces of 10 crowns and 124 pieces of 20 crowns are coined from a kilogramme of fine gold. Of these gold pieces, eight are, therefore, exactly equivalent to nine German gold coins of like denomination in marks.

A Scandinavian crown is, therefore, worth exactly 1 and 1-8th German marks.

Compared with French gold coins, the Scandinavian crown is equal to $1\frac{10}{17}$ francs. Therefore, in gold:

$$100 \text{ francs} = 81 \text{ German marks} = 72 \text{ Scandinavian marks.}$$

The conversion of silver into gold was accomplished at the following ratios:

In Norway.....	$25.2966 \times 5 \times 0.124 = 15.684$
In Denmark.....	$25.2816 \times 5 \times 0.124 = 15.675$
In Sweden.....	$25.5045 \times 5 \times 0.124 = 15.813$

The difference between the old silver coins of the three Scandinavian Kingdoms disappeared through their conversion into gold, according to these different ratios.

In the month of December, 1872, the date of the simultaneous resolution of the three Kingdoms to make the transition from the silver to the gold standard, the ratio in the London market was 15.79.

In Norway there were successfully withdrawn from circulation the following amounts in old coins:—

Denominations.		Amounts.		
		Spd.	sk.	Crowns öre.
One	speciesdaler.....	765,986	00	converted into..... 3,163,944 00
One-half	".....	109,543	00	"..... 438,172 00
One-fifth	".....	322,422	24	"..... 1,289,688 80
One-tenth	".....	327,900	60	"..... 1,311,602 00
One-fifteenth	".....	17,469	00	"..... 69,876 01
Total in current full-weight coins..		1,543,320	84	converted into..... 6,173,282 80
Ditto, Silver token coins.....		148,075	76	"..... 592,302 54
Ditto, Copper coins.....		47,129	44	"..... 188,517 47
Total Old Coins.....		1,738,525	84	changes into..... 6,954,102 81

Of silver current coins there were melted into bars and sold at London to the following amounts:—

In 1874.....	Crowns öre. 2,636,000 00	at the rate of 59 <i>d.</i> to 59¼ <i>d.</i> per standard ounce. " 52 <i>d.</i> " 52½ <i>d.</i>
In 1879.....	1,000,000 00	
In 1880.....	400,000 00	
Sum Total.....	4,036,000 00	or 1,009,000 silver speciesdalers sold in bars.
	65,533 80	There has further been melted down and sold the sum of— in old copper coins.
	2,413,045 34 38,983 67	Lastly, there have been used in the manufacture of the new subsidiary coins of base silver and bronze:— in old silver coins. in old copper coins.
Amount realized..	6,553,562 81	
	316,540 00 84,000 00	in old coins of base silver "tokens," still remain to be disposed of: and in old copper coins.
Total.....	6,954,102 81	

The loss in weight of the current coins caused by wear in the circulation was found to be, on an average:—

For the one speciesdaler pieces.....	0.188 per cent.
" half speciesdaler pieces.....	0.416 "
" one-fifth speciesdaler pieces.....	1.749 "
" one-tenth speciesdaler pieces.....	2.279 "

On the other hand, the standard of fineness was found, on an average a little higher than was requisite under the former legislation.

The sale of the 4,036,000 crowns in old current coins (including commissions, transport charges, etc.), resulted in a loss of.....	319,179 05
The sale of the copper produced by the 65,533 crowns 80 öre in old copper coins occasioned a loss of.....	41,677 72
The sum of 2,413,045 crowns 34 öre in old silver coins, and 38,983 crowns 67 öre in old copper coins, paid in to be exchanged at the mint, and to be used in the manufacture of the new subsidiary (fractional) coins, estimated upon the basis of the price of silver in London, and of copper in general trade at the date of such different payments, produced a loss of.....	322,664 48
The general expenses of collecting the old coins and transporting the same were.....	3,376 72
Hence, the total loss realized in the conversion of the 6,553,562 crowns, 81 öre of old coins, has been estimated at.....	686,897 97
<i>Per contra</i> , the profit on the manufacture during the years 1874-1879 of 5,040,000 crowns in new "token" coins of silver and copper under this same monetary reform, has been estimated, upon the same basis, at.....	774,172 84
Hence, Balance of profit.....	87,274 87

The 400,540 crowns in old silver and copper "token" coins which still remain in the Treasury of the State, can be used in the manufacture of the "token" coinage under the new monetary system, by reason of which they can only be the cause of a loss or a profit insignificant in either case.

The 1,009,000 speciesdalers, or 4,036,000 crowns, melted down into bars, contained 25,000 kilogrammes of refined silver, which the Norwegian monetary reform threw upon the London market during the years 1874-1879.

The old current silver coins contained 25 g. 2,966 of pure silver per speciesdaler, or 6 g. 32,415 of pure silver per crown, whereas, the new fractional (subsidiary) coins contain only six grammes of pure silver to the crown.

The conversion at the mint of the old silver coins into the new fractional currency, therefore, produced, by this fact alone, a profit of $5\frac{1}{8}$ per cent.

The retirement of the former coins was effected at the ratio of 15,684 of silver to gold, while the new fractional "token" coins of silver are struck at the ratio of 14,880.

The largest amount of bank note circulation was toward the close of the month of June, 1874, when it reached the figure of 50,111,925 crowns.

In Norway, up to the end of 1880, there had been coined in gold,

12,686,480 crowns in pieces of 20 crowns.
441,130 crowns in pieces of 10 crowns.

Total.....13,127,610 in gold coins, equal to 18,232,792 francs.

The metal used in the coinage was exclusively gold bullion purchased in London. No gold coin was presented for exchange at the mint.

The paper circulation of the Bank of Norway was, toward the close of the year 1880, 38,713,675 crowns, in notes of 5, 10, 50, 100, 500, and 1,000 crowns. Its metallic reserve in gold coin and bullion was, at the same period, 33,721,357

crowns, of which 10,330,572 crowns were with foreign correspondents of the bank. The general monetary circulation, besides that of the bank, may at the same date, be estimated at seven millions of crowns, of which the larger part in fractional crowns. The total, outside of the bank, was, therefore, 45,700,000 crowns. The population of the kingdom of Norway, at this time, was estimated at 1,890,000 inhabitants. The note and coin circulation was, therefore, 24 crowns 18 öre, or 33 francs 58 centimes per inhabitant.

EXHIBIT F.

(Presented by Mr. CERNUSCHI, page 376.)

FRANCE.—TABLE SHOWING THE COINAGE OF SILVER (FIVE-FRANC PIECES) EXECUTED FOR THE ACCOUNT OF THE TREASURY * SINCE 1ST JANUARY, 1874.

Date of Purchases of Silver.	Cost Price.	Weight at Different Standards.	Amounts Disbursed in the Purchase of Silver at $\frac{1000}{1000}$ Fine.		Amounts Produced by the Coinage.		Difference Constituting Profit,	
			Fr.	c.	Fr.	c.	Fr.	c.
1875:	†	Kil.						
25 June.....	58 $\frac{3}{4}$ mille less.	.....	2,003,739	30	2,143,270	24	139,530	94
29 ".....	62 ".....	.....	1,002,864	35	1,077,271	93	74,407	58
5 July.....	62 ".....	.....	513,806	95	551,926	53	38,119	58
6 ".....	62 ".....	.....	3,063,357	50	3,290,621	09	227,263	59
31 August...	50 ".....	.....	1,984,890	65	2,105,224	14	120,333	49
2 Sept.....	50 ".....	.....	1,998,573	00	2,119,733	75	121,160	75
6 ".....	50 ".....	.....	1,301,444	10	1,380,338	87	78,894	77
6 ".....	50 $\frac{1}{2}$ ".....	.....	1,012,207	05	1,074,135	39	61,928	34
17 ".....	50 ".....	.....	1,229,161	45	1,303,691	54	74,530	09
24 ".....	50 $\frac{1}{2}$ ".....	.....	1,133,729	44	1,203,103	12	69,373	68
2 October...	50 ".....	.....	988,433	70	1,048,359	03	59,925	33
4 ".....	50 $\frac{1}{2}$ ".....	.....	494,241	80	524,481	81	30,240	01
5 ".....	50 $\frac{1}{2}$ ".....	.....	1,293,823	54	1,372,977	07	79,153	53
6 ".....	51 ".....	.....	500,259	70	531,158	09	30,898	39
20 ".....	45 ".....	.....	471,391	80	497,354	65	25,962	85
21 ".....	42 $\frac{1}{2}$ ".....	.....	2,026,462	85	2,132,468	90	106,006	05
22 ".....	45 ".....	.....	310,424	30	327,521	98	17,097	68
25 ".....	45 ".....	.....	527,632	90	556,688	71	29,055	81
26 ".....	45 ".....	.....	507,724	95	535,684	20	27,959	25
27 ".....	45 ".....	.....	191,386	19	201,924	88	10,538	69
3 November	45 ".....	.....	1,204,629	00	1,270,977	14	66,348	14
4 ".....	45 ".....	.....	1,515,186	85	1,598,620	50	83,433	65
10 ".....	45 $\frac{1}{2}$ ".....	.....	189,878	60	200,439	15	10,560	55
17 ".....	47 ".....	.....	1,086,350	60	1,148,576	46	62,225	86
17 ".....	47 $\frac{1}{2}$ ".....	.....	516,963	25	546,862	01	29,898	76
24 ".....	51 ".....	.....	503,645	40	534,740	16	31,094	76
30 ".....	52 $\frac{1}{2}$ ".....	.....	524,886	25	558,173	01	33,286	76
30 ".....	53 ".....	.....	502,298	55	534,435	85	32,137	30
1 December	53 ".....	.....	821,561	50	874,125	23	52,563	73
2 ".....	53 ".....	.....	998,459	10	1,962,340	45	63,881	35
2 ".....	54 ".....	.....	586,061	88	624,216	45	38,154	57
8 ".....	54 ".....	.....	2,554,067	55	2,720,348	03	166,280	48
9 ".....	54 ".....	.....	1,090,853	15	1,161,874	77	71,021	62
9 ".....	55 ".....	.....	1,005,266	60	1,071,846	84	66,580	24
14 ".....	56 ".....	.....	1,099,267	17	1,173,316	03	74,048	86
14 ".....	56 $\frac{1}{2}$ ".....	.....	565,005	60	603,384	94	38,379	34
16 ".....	56 $\frac{1}{2}$ ".....	.....	941,571	15	1,005,529	71	63,958	56
28 ".....	60 ".....	.....	260,480	90	279,205	20	18,724	30
Total....	.....	187,614 60	38,521,988	62	40,946,947	85	2,424,959	23

* There was no coinage for the account of the treasury from the 1st of January, 1874, to the 25th of June, 1875; nor has there been any since the 28th of December of the latter year. No fractional coins were struck in 1874, or have been since.

† Viz., the *per mille* at which the silver was purchased *below* the old established and merely nominal rate of 218fr. 89c. per kilogram, $\frac{1000}{1000}$ fine, which, by custom in Paris, is taken as the basis.—Translator's note.

EXHIBIT G.

(Presented by Mr. PIRMEZ, p. 377.)

KINGDOM OF BELGIUM.

REPLIES OF THE BELGIUM GOVERNMENT TO QUESTIONS PROPOUNDED BY THE CONFERENCE CONCERNING SILVER COINAGE.

1.—Q. Be pleased to make known the quantities of silver converted either into coin having unlimited legal tender faculty, or into coin with limited legal tender faculty, or into coin with limited legal tender power, or into coin passing current outside of the State coining it?

A. See Document A., annexed.

2.—Q. How much did the metal used in the manufacture of these different coins cost each State?

A. As appears by the Table hereto annexed (Document B.), the refined silver purchased by the Belgian Government for the manufacture of its five-franc pieces and fractional coins, beginning with the 1st of January, 1874, cost, when delivered into the vaults of the mint, viz., including all charges for carriage, insurance, brokerage, etc., as follows:

	<i>d.</i>	
In February, 1874.....	59 $\frac{62}{100}$	per ounce of $\frac{37}{40}$.
In July ".....	59 $\frac{33}{100}$	" " "
In September ".....	58 $\frac{46}{100}$	" " "
In August, 1875.....	56 $\frac{96}{100}$	" " "
In February, 1876.....	54 $\frac{37}{100}$	" " "
In June, 1880.	52 $\frac{88}{100}$	" " "

To arrive at these rates, the exchange has, in every case, been calculated at par, viz., 25 fr. 2,213 to the pound sterling.

3.—Q. How much more would it have been necessary to expend in the purchase of the silver which has been coined, if bimetallism at $15\frac{1}{2}$ had been in force, that is to say, if silver had not ceased to be worth $60\frac{1}{8}$ the English ounce at $\frac{37}{40}$ fine?

A. The metal purchased in London was, in most cases, stipulated deliverable free of charge in Brussels, and payable in francs.

In estimating the cost of carriage to Brussels, and the loss on exchange at 0.57-16*d.* per ounce, the result is seen that it would have been necessary to pay an increase to the extent mentioned below:

Years.	Value per Ounce.	Charges.	Total.	Cost per Ounce.	Increase.
		<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
February, 1874.....	<i>d.</i>	0.5716	61.38	59.62	1.76
July, 1874.....	60 13-16	0.5716	61.38	59.33	2.05
September, 1874.....	60 13-16	0.5716	61.38	58.46	2.92
August, 1875.....	60 13-16	0.5716	61.38	56.96	4.42
February, 1876.....	60 13-16	0.5716	61.38	54.37	7.01
June, 1880.....	60 13-16	0.5716	61.38	52.88	8.50

4.—Q. What is the total amount of the profit realized by the State in purchasing silver at prices below that of 60 $\frac{13}{16}$ *d.*?

A. The profit of the State is as follows:

	<i>Fr.</i>	<i>c.</i>
On the coinage at $\frac{900}{1000}$	1,365,138	85
On the coinage at $\frac{835}{1000}$	193,640	50

5.—Q. Be pleased to make known the total of the amounts coined for account of private individuals, and on which the Government has made no profit; and set forth the price at which silver was selling in London at the time when such private individuals presented their bullion for coinage?

A. See Document C.

6.—Q. Indicate, if possible, the origin of the bullion according to any marks which may have been upon it?

A. Information is entirely wanting to answer this question.

When bullion is turned in, the numbers, weights, and marks of fineness are removed; no record is kept of marks which might indicate where the metal came from.

7.—Q. State if old demonetized national coins have been recoinced, and in what amounts?

A. Since the date impliedly referred to in the interrogatory (1st January, 1874) there has been no recoinage of old national demonetized coins.

8.—Q. Show whether banks of issue have presented silver for coinage, and of what extent, and if the profit resulting from the difference between the nominal value of the coin and the price of the unwrought metal has accrued to the banks themselves, or to the State?

A. The National Bank presented in 1875, for coinage, 23,512 kilograms of refined silver.

The profit realized therefrom by the institution itself amounted to 200,632 francs 18c.

Document A.

KINGDOM OF BELGIUM.

OFFICE OF THE MINT.

AMOUNTS OF SILVER CONVERTED INTO COIN.

YEARS.	Having Full Legal Tender Power.		Having Limited Legal Tender Power.		Current in Foreign States.	
	Weight of Fine Silver.	Coins Manufactured.	Weight of Fine Silver.	Coins Manufactured.	Weight of Fine Silver.	Coins Manufactured.
1874.....	Kil. gr. mil. 53,997 097 490	5 franc Belgian.	Kil. gr. mil. .....	.....	Kil. gr. mil. 22,382 639 723	Coins of Roumania, at 0,835.
1874.....	31,497 349 449	5 franc Swiss.	.....	.....	25,821 631 724	“ “ “
1875.....	67,070 907 365	5 franc Belgian.	.....	.....	10,811 536 230	“ “ “
1876.....	48,596 721 556	5 franc Belgian.	.....	.....	.....	.....
1877.....	.....	.....	.....	.....	.....	.....
1878.....	.....	.....	.....	.....	.....	.....
1879.....	.....	.....	.....	.....	.....	.....
1880.....	.....	.....	3,261 457 855	Coins of Belgium, at 0,835.	10,841 038 669	Coins of Venezuela, at 0,900 and 0,835.
Total.....	201,162 075 860	.....	3,261 457 855	.....	69,856 846 346	.....

RECAPITULATION.

Amounts of Silver Converted into Coin.	Weight of Fine Silver.
Having full Legal Tender Power.....	Kil. gr. mil. 201,162 075 860
Having limited Legal Tender Power.....	3,261 457 855
Current in Foreign States.	69,856 846 346
Total Weight of Fine Silver Converted into Coin.....	274,280 380 061

Document B.

TABLE SHOWING THE AMOUNT, THE PRICE, AND THE PRODUCT OF THE COINAGE OF SILVER BULLION PURCHASED FOR ACCOUNT OF THE BELGIAN GOVERNMENT.

CONTINGENT OF 1874.

DATES.	Amounts in Kilograms.	Cost.		Total of Invoices.	a. Product of the Coinage. b. Product of the Premium of 1 per cent.	Gross Profit.	a. Cost of Refining. b. Commis- sions.	Net Profit.
		Per Kilogram fine.	Per Ounce Standard, at 37.540.					
	Kilog. gr.	Fr. c.	Pence.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
1 February, 1874.....	27,687 015,038	217 82	59 62	6,030,705 09 }	a. 6,106,509 60 b. 6,106 50 }	81,911 01	.....	81,911 01

CONTINGENT OF 1875.

13 July, 1874.....	14,283 469,000	216 73	59 33	3,095,756 60 }	a. 3,149,405 10 a. 3,137,047 85 b. 5,287 78 }	53,648 50 54,469 48 6,287 78	 a. 883 30	53,648 50 54,469 48 5,404 48
20 July, 1874.....	14,225 463,000	216 69	59 32	3,082,578 37 }	a. 1,495,426 11 a. 1,823,765 70 b. 1,823 95 }	47,525 83 103,049 94 1,823 95	.....	47,525 83
September, 1874.....	6,780 790,000	213 53	58 46	1,447,900 28 }			.....	
August, 1875.....	8,268 959,000	208 09	56 96	1,720,715 76 }			.....	104,873 89
Total.....	43,558 681,000	.....	.....	9,346,951 01	9,613,756 49	266,805 48	883 30	265,922 18

CONTINGENT OF 1876.

February, 1876	48,597 680,086	198 60	54 37	9,651,573 13	a. 19,718,461 30 b. 19,718 46	1,066,888 17 10,718 41	b. 60,300 97	1,017,305 66
Grand Total.....	119,843 376,124	.....	.....	25,029,229 23	26,455,552 35	1,426,323 12	61,184 27	1,365,138 85

CONTINGENT OF 1878.

FRACTIONAL COINS.

June, 1880.....	4,175 000,000	193 14	52 88	806,659 50	a. 1,000,000 00	193,640 50		193,640 50
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Document C.

KINGDOM OF BELGIUM.

OFFICE OF THE MINT.

Amounts Coined for Account of Private Individuals, without Profit to the Government.	Year during which the Coinage was done.	Dates on which Parties brought their Bullion to be Coined.	Price of Silver in London at same Dates.
Fr. c. 5,840,467 30	1874.	From the 3d to the 19th Dec., 1873.*	About 58 pence.

* The law of 18th December, 1873, having authorized the Government to suspend or limit the coinage of silver, a royal decree closed the office of the Mint against silver bullion coming to be coined from and after the 20th of the same month.

EXHIBIT H.

(Presented by COUNT VON KUEFSTEIN, page 377.)

AUSTRIA—HUNGARY.

REPLIES OF THE AUSTRO-HUNGARIAN GOVERNMENT TO QUESTIONS OF MR. CERNUSCHI, DR. BROCH, AND DR. LARDY.

AUSTRIA.—TO QUESTIONS OF MR. CERNUSCHI AND DR. BROCH.

Table A gives a statement of the quantities of refined silver converted by the mint in Vienna, from 1st January, 1874, to 1st January, 1881, into current coins, fractional coins, and trade coins; while Table B shows the sources whence the silver was derived.

Besides this, the Imperial and Royal Mint in Vienna coined, in 1875, for the Servian Government, 25,050 kilograms of fine silver, and 15,355 kilograms in 1880, using for the purpose bullion from Hamburg and Paris.

The mint purchased the refined metal in all cases at 90 florins the kilogram, deducting the mint charge.

This price corresponds to the value of $60\frac{13}{16}$ pence per English ounce. No profit, therefore, resulted from these purchases, none of which were made at prices below the ratio of $15\frac{1}{2}$.

As regards the profit made by private individuals offering bullion for coinage, the situation in Austria was more complicated than elsewhere by reason of the simultaneous existence of the *agio* (premium) on gold and on silver.

From the middle of the year 1878, however, the premium on silver diminished more and more, and finally disappeared entirely. The exchange on London and the price of silver in that place having brought that metal below the legal par, it was found profitable to import silver bars to be coined.

Hence the Government was compelled to suspend the coinage for the account of private individuals, and has not been able to resume it since.

The value attained in 1878 and 1879 by the imports of silver bullion is clearly shown by the figures for those years in Tables A and B.

The profits realized as a result of these speculations, after calculating the expenses (such as transport charges, seigniorage dues, and loss of interest), may be estimated at from $\frac{1}{2}$ to $2\frac{1}{2}$ per cent. at most.

The State, for its part, purchased and coined but very small quantities of silver bullion.

The National Bank, from 1874 to 1880, presented in all $5,005\frac{643}{1000}$ kilograms of fine silver to be turned into "trade coins" (Levantine thalers), on commission for the Egyptian Government.

The coinage of the thalers of the Austro-German Union, begun under the

Monetary Treaty of 1857, ceased entirely in November, 1867, after the dissolution of that Union.

Tables C, D, and E show, beginning with the year 1872, the number of gold and silver coins, both national and foreign, which have been recoinced at the Vienna Mint.

These tables also contain the answer to the question put by Dr. Broch.

TABLE A.

STATEMENT OF THE QUANTITIES OF SILVER CONVERTED BY THE MINT IN VIENNA, SINCE THE FIRST OF JANUARY, 1874, INTO CURRENT COINS, FRACTIONAL COINS, AND TRADE COINS.

KILOS OF FINE SILVER.

YEARS.	Current Coins.			Fractional Coins.	Trade Coins.
	2 Florins.*	1 Florin.	$\frac{1}{4}$ Florin.	10 Kreuzers.	Levantine Thalers.
	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>
1874.....	1,756 800	27,544 500	55 577	.....	57,977 9093
1875.....	2,354 400	56,147 634	.....	.....	77,461 3240
1876.....	2,041 200	80,919 000	.....	.....	118,217 5872
1877.....	2,334 600	155,147 400	.....	.....	2,212 1050
1878.....	3,272 400	210,700 800	.....	.....	42,827 9180
1879.....	12,245 400	416,503 800	.....	.....	25,994 0450
1880.....	1,837 800	72,273 600	.....	9,936 585	1,563 9580
Total.....	25,842 600	1,019,236 734	55 577	9,936 585†	326,254 8465

* This class includes the 11.152 k. used for the pieces coined in 1879, in remembrance of the silver wedding of their Majesties.

† This figure corresponds to an equal amount in pieces of 20 kreuzers withdrawn from circulation.

RECAPITULATION.

			<i>Kilos.</i>
Current Coins	Of 2 florins	25,842 600	
	Of 1 florin	1,019,236 734	
	Of $\frac{1}{4}$ florin	55 577	
Fractional Coins of 10 kreuzers			1,045,134 9110
Trade Coins = thalers of Marie Theresa			9,936 5850
Total			326,254 8465
Total			1,381,326 3425

TABLE B.
ORIGIN OF THE BULLION ACCORDING TO THE STAMPS.

KILOS OF FINE SILVER.

YEARS.	England.		France.		Germany.			National Pro- duct.	Demonetized Coins.
	London.		Paris.		Hamburg.	Berlin.	Frankfort-on- the-Main.		
1874.....	<i>Kilos.</i> 2,244 772		<i>Kilos.</i>		<i>Kilos.</i> 25,029 313	<i>Kilos.</i> 46 071	<i>Kilos.</i> 74 994	<i>Kilos.</i> 20,508 116	<i>Kilos.</i> 39,375 9433
1875.....	23,039 555		.....		41,007 051	.....	.....	25,021 886	46,896 4430
1876.....	74,934 233		.....		43,264 235	15,536 957	.....	22,185 830	45,256 5322
1877.....	13,194 419		.....		.....	67,588 976	.....	27,943 214	50,967 4960
1878.....	114,626 568		11,179 101		25,049 169	25,782 936	14,075 712	27,700 808	38,386 8240
1879.....	189,484 748		17,468 862		125,273 254	16,652 627	21,842 904	30,209 443	53,811 4070
1880.....	.....		.....		.....	.....	.....	31,183 266	54,428 6770
Total.....	417,578 295		28,647 963		259,623 022	125,607 567	35,993 610	184,752 563	329,123 3225

RECAPITULATION.

Silver imported in fine bars.....	<i>Kilos.</i> 417,578 295
Home production.....	28,647 963
Demonetized coins.....	259,623 022
Total kilos of fine silver.....	125,607 567
	35,993 610
	867,450 4570
	184,752 5630
	329,123 3225
	1,381,326 3425

TABLE C.
STATEMENT OF NATIONAL COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880,
INCLUSIVE.

NUMBER OF PIECES.

YEARS.	Species- Thalers.	Half Spe- cies-Thalers or Florins.	Zwanzigers (Pieces of Twenty Kreuzers since the Year 1758).	Twenty Kreuzers of 1852.	Zehners (Pieces of Ten Kreu- zers since 1753.	Ten Kreu- zers of 1852.	Coins of the Convention.		Fractional Coins.		
							Five Kreuzers.	Three Kreuzers.	Six Kreuzers of 1848 and 1849.	Ten Kreu- zers of 1857.	Five Kreu- zers of 1857.
1872.....	64,250	15,605	5,412,131	38,778	29,675	70,882	31,417	100,393	504,180	453,000	144,000
1873.....	65,250	11,763	2,151,973	41,261	35,125	178,320	28,354	90,063	354,608	180,000	82,000
1874.....	57,000	43,117	2,572,185	41,193	43,959	167,129	38,264	114,991	2,696,393	127,000	64,000
1875.....	77,000	16,383	1,957,717	34,729	32,981	135,800	940,917	295,791	628,746	85,000	64,000
1876.....	67,050	11,141	2,537,087	45,209	88,173	152,828	317,558	235,101	393,718	47,000	32,000
1877.....	186,904	20,829	1,613,000	53,707	32,903	105,973	67,043	130,841	47,650	70,000	82,000
1878.....	52,555	15,832	3,674,806	38,815	26,623	92,127	41,567	86,835	356,682	52,000	56,000
1879.....	365,240	24,882	2,372,725	52,239	64,147	120,256	38,838	86,578	34,601	51,000	86,000
1880.....	96,103	41,408	4,761,552	94,301	16,007	166,686	46,688	105,842	308,510	19,000	46,000
Total.....	1,031,352	200,960	27,053,176	440,232	319,593	1,190,001	1,550,646	1,246,435	5,325,088	1,084,000	656,000

TABLE D.

STATEMENT OF FOREIGN SILVER COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880, INCLUSIVE.

NUMBER OF PIECES.

YEARS.	Kronenthalers of Brabant.	Half Kronenthalers.	Quarter Kronenthalers.	Bavarian Pieces of Two Florins.	French Pieces of Five Francs.	Mexican Pesos.	Various Coins taken at their Value in Fine Silver.*
							Fl. Kr.
1872.....	10,226	4,089	1,586	.....	25,232	.....	174,420 80
1873.....	10,677	5,634	3,973	.....	6,161	.....	1,955,289 84
1874.....	19,164	4,313	3,380	.....	.....	.....	1,044,227 86
1875.....	56,563	9,665	6,944	.....	.....	.....	791,495 12
1876.....	74,143	10,678	4,327	1,369	.....	19,647	2,181,164 66
1877.....	81,022	12,663	10,119	38,096	.....	44,145	2,196,284 46
1878.....	51,860	7,111	4,242	39,178	.....	182,213	1,809,771 49
1879.....	116,859	15,829	5,882	34,910	.....	245,000	872,119 85
1880.....	61,903	15,223	15,228	8,064	.....	43,150	2,005,995 07
Total.....	482,417	85,205	54,681	121,617	31,393	534,155	13,030,769 15

* Chiefly "beschliks" and "paras" from Bosnia.

TABLE E.

STATEMENT OF GOLD COINS DELIVERED FOR EXCHANGE AT THE MINT IN VIENNA, FROM 1872 TO 1880, INCLUSIVE.

NUMBER OF PIECES.

YEARS.....	Ducats (Imperial Austrian)	20-Frk Pieces (French, Belgian, Italian, and other)....	20-Mark Pieces of the German Empire.....	Half Imperials (Russian).....	Double Sovereigns (Lombard Venetian).....	Sovereigns (English)....	Eagles (10 dollars of the United States)	Various Coins taken at their resulting value in Fine Silver*.....
								Fl. Kr.
1872....	39,924	175,515	448.5	70,073	405	1,358	.....	274,808 87
1873....	61,560	140,192	480	8,420	129	854	.....	440,200 25
1874....	85,217	78,452	52,671	23,580	1,611	2,313	.....	154,775 78
1875....	169,098	2,320	459.5	3,580	4,110	2,570	1,100	176,811 12
1876....	142,442	147,942	138,723	15,000	17,054	2,787	1,956	333,609 58
1877....	91,093	36,964	147,666	65,448	4,904	8,568	1,887	550,167 48
1878....	70,055	1,068	9,463	61,446	4,415	4,654	1,725	664,688 93
1879....	109,475	2,870	2,495	68,810	8,055	737	1,176	168,967 61
1880....	171,247	23,122	4,848	23,285	2,721	1,089	1,189	158,136 36
Total ..	940,111	608,445	357,254	339,642	43,104	24,930	9,033	2,922,165 98

* Chiefly "Imperials," Dutch ducats, and pieces of 100 and 50 piastres.

TO QUESTIONS OF MR. LARDY.

A.—The Use of the Precious Metals in the Industrial Arts.

The table hereto annexed gives the weight and the value of the precious metals employed in Austria from 1867 to 1880, inclusive, for the manufacture of different articles in gold and silver, and of gold and silver thread. This table is based upon official figures from the Stamp Office, whose mark guarantees the fineness of the gold and silver used in such articles.

It is necessary to add that, in addition, a considerable quantity of precious metal enters into the manufacture of various objects, in compositions lower in standard than $\frac{250}{1000}$ fine. Such compositions are considered, under the law, as imitations, and are not required to be stamped. Their importance, as affecting this question, can not, therefore, be ascertained.

Much fine gold and silver is also used in gilding, silvering, enameling, plating of mirrors, etc. But it has not been possible to obtain any information approaching to accuracy upon the quantities of these metals so used, and especially as the persons in those trades make use chiefly of coins, ducats or silver florins.

TABLE OF PRECIOUS METALS USED IN AUSTRIA, FROM 1867 TO 1880, INCLUSIVE, IN THE MAKING OF VARIOUS ARTICLES OF GOLD AND SILVER, AND THE MANUFACTURE OF GOLD AND SILVER THREAD.

DESCRIPTION.	Total Amount of Precious Metals, from 1867 to 1880.		Yearly Average.	
	Kilograms of Fine Metal.	Value in Florins.	Kilograms of Fine Metal.	Value in Florins.
GOLD:				
Various articles.....	19,540 078	27,258,409 00	1,395 719	1,947,029 00
Thread.....	829 977	1,157,817 00	59 284	82,701 00
Total.....	20,370 055	28,416,226 00	1,455 004	2,029,730 00
SILVER:				
Various articles.....	290,712 757	26,164,148 00	20,765 196	1,868,867 64
Gilt thread.....	50,220 488	4,519,843 92	3,587 177	322,845 99
Silver thread.....	13,904 535	1,251,408 15	993 181	89,386 20
Total	354,837 780	31,935,400 00	25,345 554	2,281,100 00

B.—Suppression of Counterfeiting.

The suppression of coin-counterfeiting might certainly be greatly aided, in the first place, by the establishing of uniform principles in the legislation of all States, and then, by an understanding between the different Governments, with the object of mutually assisting each other in the pursuit of criminals, and in the adoption of repressive measures.

As to the first point, it would seem desirable that the counterfeiting of foreign money should every-where be placed upon the same footing as the counterfeiting of the national coins, and that the culprits should be tried and punished by the State in which they shall have been arrested, unless extradited to the Government of their own country, or to the State in which the criminal act shall have been committed.

These principles have been incorporated by the Imperial and Royal Government in the draft of a new criminal code which has been submitted to the deliberations of the Austrian Parliament (Reichsrath).

It is also desirable that counterfeiting, and criminal actions of like character, should be included in all treaties of extradition.

Concerning the second point, it is of the first importance, for the successful prosecution of crimes and offenses connected with counterfeiting, and the participation in such unlawful acts, that the evidence required by a foreign Government should be furnished with the utmost promptness, especially when a Government prosecutes the falsification of foreign coins, and sends these to the Government whose effigy has been counterfeited, to obtain an official authentication thereof.

Experience has shown that delays in the return of answers to such requests for facts have frequently led to serious troubles, and have exerted a most unfortunate influence upon the course of the legal proceedings, inasmuch as they easily give rise to the supposition that the State which should be considered most directly interested, really attaches but slight importance to whether or not the counterfeiting of its coins is punished in foreign lands.

Lastly, it would remain to be inquired whether other arrangements, rather in the nature of police regulations, looking to the suppression of the crime of counterfeiting, might not be advantageously adopted by the different Governments.

HUNGARY.

REPLIES TO QUESTIONS OF MR. CERNUSCHI.

Table No. 1 gives a summary of the silver coins having full, and also of those having limited legal tender power, coined at the mint at Kremnitz.

No silver trade coins have been minted.

The silver was purchased by the mint at the price of 90 florins, or, after deducting 90 kreutzers for mint charges, at the price of 89fl. 10kr.

In general, during this period, there was coined only silver produced by the mines of the State, and such quantities of that metal as were brought to the mint by the retail trade. It was only in 1876, and notably from 1878 to 1880, that the condition of the market for the precious metals permitted operations upon a more extended scale. The total value of these coinages, done in part for account of the Government, and in part for account of private persons, is 31,824,815 florins.

The numerous oscillations to which, at this time, the price of silver at London was subject, make it impossible to set forth the price which silver commanded in the metal market at the precise date when private parties brought their bullion for coinage. So far as concerns the operations of the Government, the latter has realized a profit of about three-fifths per cent.

The silver bars bore the stamps of London, Paris, Hamburg, Frankfort-on-the-Main, and Hettstadt, while some few came from St. Louis.

Table No. 2 gives a statement of the pieces recoined from 1874 to 1880.

There has been no coinage for the account of the bank of issue.

TABLE No. 1.

SUMMARY OF SILVER MONEYS COINED AT THE MINT AT KREM-NITZ, FROM 1874 TO 1880, INCLUSIVE.

YEARS.	Coins having Full Legal Tender Power. Pieces of 1 Florin.		Coins having Limited Legal Tender Power.		
	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.	
	<i>Kg.</i>	<i>Florins.</i>	<i>Kg.</i>	<i>Florins.</i>	<i>Kr.</i>
1874.....	23,130 029,0	2,081,702	880 370,0	132,371	30
1875.....	23,043 978,0	2,073,958	281 664,0	42,504	40
1876.....	47,393 568,9	4,136,174	343 504,0	51,848	60
1877.....	23,468 211,9	2,241,386	303 570,0	46,007	70
1878.....	63,526 372,2	5,717,374	.....	.....	.....
1879.....	286,176 951,0	25,755,927	.....	.....	.....
1880.....	42,384 644,1	3,814,618	.....	.....	.....
Total.....	509,123 755,1	45,821,139	1,809 108,0	272,732	18

which, when taken together, give a total of 510,932 kilograms, 863.1 of fine silver coined into a nominal value of 46,093,871 florins.

TABLE No. 2.

TABLE OF SILVER PIECES RECOINED IN THE YEARS 1874 TO 1880.

		<i>Florins.</i>	<i>Kr.</i>
1874	Amount in nominal value.....	298,897	12
1875	Amount in nominal value.....	286,519	83.5
1876	Amount in nominal value.....	187,901	43
1877	Amount in nominal value.....	246,511	55
1878	Amount in nominal value.....	170,148	84
1879	Amount in nominal value.....	311,422	90.5
1880	Amount in nominal value.....	225,232	21
	Total	1,726,633	89

REPLY TO THE QUESTION OF DR. BROCH.

In Hungary, only national coins no longer current, or much worn by use, have been presented to be exchanged at the mint.

EXHIBIT I.

(Presented by MR. PIERSON, page 377.)

LETTER OF THE BANK OF THE NETHERLANDS ON THE MONETARY SITUATION.

To His Excellency, the Minister of Finance, at the Hague.

Amsterdam, June 22, 1881.

Sir—We have had the honor to receive the letter of your Excellency, under date of the 11th of June last, desiring our opinion upon the monetary question, in view of the International Conference at Paris, of which the Sessions are to recommence on the 30th instant.

The following are the observations which we take the liberty of making upon the subject. It may be assumed that the monetary situation at the present time is to be taken as the point of departure, without the necessity of stopping to describe it.

It is important, however, to note its attendant disadvantages.

Of these, there are two.

In the first place, the situation is peculiarly trying to those States which, like our own, have chosen gold for a standard, while permitting, at the same time, the circulation of a large quantity of silver, the legal value of which, at present, is higher than its intrinsic worth. If these countries wish to settle their monetary systems, they would be obliged to demonetize the larger part of these silver coins, which would involve a heavy expense; if not, they will always remain exposed to a great danger, viz., the possibility of the depreciation of their monetary unit.

It is evident that gold alone has peculiar advantages for export; therefore, if the rate of Exchange rises above par, it is probable that those who hold gold specie will profit by the occasion to sell it at a premium. And, from the moment that gold commands a premium, the monetary unit has lost a part of its value.

It is true that banks like our own, which are the source first drawn upon when gold is required for export, may do something to remedy this ill; but, in the long run, they are unable to check it.

In the second place, the present situation is not only full of dangers for certain countries, it is also injurious to all, no matter what may be their monetary system. These harmful effects are already apparent, and it is probable that they will go on increasing. They consist chiefly in

this, that the value of each of the two metals, and the rates of exchange between countries with different standards, have become more variable.

It is impossible to predict the future value either of gold or of silver. Nevertheless, if the facts which have been observed for some years past continue to prevail, that is to say, if the production of gold goes on diminishing, while that of silver increases, it is probable that the latter will fall in value and that gold will become dearer. This tendency may be assisted by legislative measures undertaken by different States; for, let it be carefully noted, all the silver pieces now circulating in those countries having the "limping" standard (*étalon boiteux*) are actually doing the duty of gold coins. As soon as they should be replaced by the latter, and an attempt should be made to sell them in the form of bullion, the tendency of silver to fall, and of gold to rise, in value, would be very considerably augmented.

It would become still more marked if paper money should be superseded in the same manner in those countries where notes now circulate.

Let discussion be carried on as to which of the two evils is the lesser, that of a rise or that of a fall in the value of money; it is clear that both are evils. We may add that no country can remain free of them.

A distinction is sometimes drawn between countries having a favorable and those having an adverse balance of trade. This distinction is applied to those of the gold standard when it is asserted that certain countries will have more difficulty than others in procuring and retaining a sufficient quantity of this metal. Nothing can be more erroneous. The balance of trade tends to distribute all articles, including the precious metals, over the different countries according to their several needs. Doubtless the relative values of these articles will not be every-where the same; but that does not prevent prices in a given country from being permanently influenced by those in other lands, while differing at the same time from them. Let us suppose that a more extended use is made of gold, and that its production diminishes, by reason of which gold becomes rarer relatively to the demand; in this case the normal relation between the general condition between the prices of every thing in the different countries would not cease to exist. Quite the contrary, there would be a fall everywhere, although at first very irregular and unequal.

As to the unsteadiness in rates of exchange, this is an evil from which no country will be able to escape, and of which England and British India chiefly have already experienced the unfavorable consequences. It may be true that commerce pays but little heed to whether exchange rates are high or low; but great unsteadiness in them is always prejudicial to trade. Funded debts and investments must also not be forgotten.

We have thus pointed out the evils of the present situation. In our opinion there is but one efficacious remedy, and that is the establishment of the system of the double standard, with a uniform ratio between the two metals, over a greater extent of territory.

It is surprising that so many intelligent men refuse to admit this truth. We are told that such a measure might alter the relative production of gold and silver. We do not deny it, but what would be the result? A change in the relative *quantities* of these metals, no doubt; but this does not imply that their relative *value* would likewise change. On the contrary, the law of supply and demand would prevent such from being the case. Those who oppose the adoption of the bimetallic system on the plan indicated do not appear to recognize that gold and silver conjointly will be far more stable than when performing their functions separately.

Against this project our opponents are pleased to appeal to the lessons of history. They forget that the system of the double standard, with uniform ratio between the two metals, has never yet been applied to a jurisdictional area of sufficient extent. They forget, further, the real services which this system has already rendered, even although acting within far too narrow limits.

So long as every one could get for a kilogram of coined gold $15\frac{1}{2}$ kilograms of coined silver, and *vice versa*, it would be impossible for the relation of value between gold and silver in the shape of bullion to differ much from the legal ratio established for the coins.

Before such difference could show itself it would be necessary, either that nearly the whole amount of the coins of one of the metals should be exported from the territory of the double standard, or that such coins should there command a premium by reason of being used as the money of commerce. Neither the one nor the other hypothesis is probable.

The totality of gold or of silver would only be exported provided the exported metal could command, in the foreign country, a relative value higher than that which the law gave it in countries where the double standard prevailed; but it is clear that this would be impossible if these latter countries were very numerous.

As to the danger that one of the metals would be at a premium, we find great difficulty in admitting this. It is very true that, in former ages, when the monetary systems of nearly all the States of Europe were in a condition of the utmost disorder, it often happened that contracts were made in a given coin, the value of which inspired greater confidence than that of the current money of the country. Among uncivilized peoples the same thing may be observed to day; but wherever the monetary system is well organized, the currency of the country is properly considered the most stable measure of value, and nothing is gained by the use of a trade coin which one can not say will pass later for the amount at which one took it.

Furthermore, it is possible to remove the danger which is feared, by imposing upon banks of issue the obligation to treat the coins of the two metals upon the same footing. Since the use made of the bank-note in all civilized countries is very extended, it will, therefore, be almost equally

impossible that one of the metals should rise to a premium, or that it should be wholly exported.

The necessary conditions for the regular working of the double standard may be gathered from what has been stated above. All depends upon the extent of territory over which this system shall be established; and this is the point which we can not sufficiently emphasize. As it is possible that after a time certain of the bimetallic States might change their system, it is even important that the arrangement should not be adopted until the territory, in which the system shall be put in operation, shall be much greater in extent than what would be necessary to make the success of the measure assured.

For, unless this territory preserves its requisite dimensions, the system of the double standard will operate as an alternative standard; and, in the present circumstances, it is silver, and not gold, that will remain. Not that silver seems to us less fit than gold to perform the functions of money; it has more bulk, we admit; but the consequent disadvantage is of the smallest so far as carriage is concerned, and, for the uses of circulation, the difficulty is entirely removed by replacing the silver with bank-notes. We might even add that it is easier to regulate the fractional coinage when the monetary system is based upon silver than when it rests upon gold alone. But if the world is to remain divided between countries having the gold standard and countries having the silver standard, it would be desirable that each of these groups should form a coherent territory. Let us suppose a small State, a member of a monetary union, the efforts of which to maintain the system of the double standard had failed, and that this little country, by reason of that fact, had fallen into the system of the silver standard; being surrounded with countries using only gold, the position of the little State, as may be readily understood, would not be enviable. Such is the danger which we desire to point out, and which must be avoided. For these reasons we are of the opinion that the Netherlands should make their concurrence in the adoption of the bimetallic system depend upon the extent of territory which should be secured for it.

We take this occasion to convey to your Excellency the assurance of our high consideration.

The Directorship
of the Bank of the Netherlands.

(Signed)

MEES, *President.*

QUACK, *Secretary.*

TENTH SESSION.

TENTH SESSION.

SATURDAY, *July 2*, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,

Belgium,

Denmark,

Germany,

Great Britain, British India,

Greece,

Italy,

The Netherlands,

Portugal,

Russia,

Sweden,

Norway,

Switzerland,

The United States of America, and of

France,

who attended the previous meeting.

MR. DUMAS, Delegate of France, and MR. LUZZATTI, Delegate of Italy, who had arrived the previous day at Paris.

The Session was opened at 12.30 P. M.

The Minutes of the Session of 30th June, 1881, were read, and adopted.

BARON VON THIELMANN presented to the Conference the written reply of the Delegates of Germany to the request for information made by Mr. Cernuschi at the Session of the 7th May, 1881. It was agreed that this document should be inserted at the end of the present Minutes.¹

MR. PIRMEZ also presented the reply which the National Bank of Belgium, which had been specially consulted according to the wish of the Conference, had made to the Minister of Finance at Brussels on the monetary question. It was agreed that this letter should be annexed to the Minutes.²

MR. VROLIK having sent a message affording a hope that he would attend the future meetings of the Conference, The President did not think it was necessary to proceed to the nomination of a second Vice-President.

This opinion was unanimously concurred in. The President next asked the Delegates to settle the order of their labors. As he had recalled at the previous Session, the programme adopted by the Conference comprised two parts: the first, the general theory of the question, had been the object of a very serious and thorough investigation. The discussion of the *Questionnaire* remained to be entered upon. This discussion might be carried on either by considering *seriatim* the various points stated in the list of the Netherlands' Delegates, or, inasmuch as these points did not involve any vote, by studying them in any order according as they might offer the Delegates matter for observation.

MR. SEISMIT-DODA, Delegate of Italy, also held that the general discussion was exhausted, but he did not see any utility in entering on the examination of the *Questionnaire*. The points contained in these interrogatories had been considered in the course of the previous debates; to revert to them now would be running the risk of re-entering on the general discussion, with the certainty of throwing no fresh light on the question. There was a more practical path to be taken. After the Declarations of Baron Von Thielmann—after the remarkable observations of Sir Louis Mallet at the meetings of last May, the Conference felt bound to adjourn, in order to enable the two Governments of England and Germany to ascertain in what manner those important Declarations might be effectively supplemented. Resolutions must since have been

¹ Exhibit A, p. 435.

² Exhibit B, p. 439.

prepared and settled upon. It was especially important to learn the nature of these resolutions. The Conference might thus shorten its labors, and arrive sooner at a precise and definitive conclusion.

MR. LARDY, Delegate of Switzerland, fully concurred in Mr. Seismit-Doda's observations. In this he was but conforming to the last instructions received by the Swiss Delegation from the Federal Government, and which directed it to ascertain, in the first place, what was the result of the negotiations which had taken place during the adjournment of the Conference between the French and American Delegation, and the Governments of Germany and Great Britain. He, therefore, supported the proposition of the Delegate of Italy, and asked that those States whose resolutions were awaited should inform the Conference whether any practical result had been attained since the Delegates separated.

MR. CERNUSCHI, Delegate of France, while sharing, as a general principle, the opinion of Mr. Seismit-Doda and Mr. Lardy, thought it would, nevertheless, be very interesting to hear those members of the Conference who had been unable to state their views at the previous Sessions.

MR. SEISMIT-DODA agreed with Mr. Cernuschi on this last point, but it should be quite understood that after these speeches the discussion of the *Questionnaires*, as well as the general discussion, should be deemed exhausted, and that the Conference should consider only practical questions.

MR. PIERSON, Delegate of the Netherlands, shared, but only in part, the opinion of Mr. Seismit-Doda and Mr. Lardy. It was quite correct that the three first points of the interrogatories, the existence of the monetary crisis, its causes, and its remedies, had been investigated in the course of the general discussion; but the last two points, the measures to be taken to reduce the oscillations of the two metals, and to establish a fixed ratio between these two metals, had been passed over in entire silence, yet those two points were well deserving the attention of the Conference.

MR. DUMAS, Delegate of France, supported Mr. Pierson's proposition. He did not think the general discussion could be revived if the debate was limited to the two last points of the *Questionnaire*. The debate being thus limited, he reserved the option of entering upon it, and of explaining how he had been converted to the fixed ratio of $15\frac{1}{2}$. In any case, he held that the Conference, which had

outside public as listeners, and had hitherto given its labors a value already every-where highly appreciated, should not leave unexamined the last two points of the programme it had laid down for itself.

MR. DANA HORTON, Delegate of the United States, expressed his concurrence with the views of Mr. Cernuschi, Mr. Pierson, and Mr. Dumas. He also desired, before the general discussion was resumed, to make a statement with reference to the question which the Delegates of the Netherlands had addressed to the American Delegates at the eighth Session. He regretted that he was, as yet, unable to present a response, or rather, to enter into the practical discussion to which the question would necessarily give rise.

THE PRESIDENT read the text of this question.¹

THE PRESIDENT said, we have before us two propositions; one, submitted by Mr. Seismit-Doda, for hearing solely the Declarations of certain States; the other, submitted by Mr. Cernuschi and Mr. Dumas, for considering the interrogatories, or at least the last two articles as advocated by Mr. Pierson. Mr. Seismit-Doda, moreover, has partially rallied to this latter proposition. It is for the Conference to decide whether it will adopt this second proposition.

The second proposition was adopted.

MR. THURMAN, Delegate of the United States, then read (in English) the following address:

Mr. President, and Gentlemen—The general discussion having closed, we are brought, by the previous orders of the Conference, as I understand them, to a consideration of the *Questionnaire*. I propose to submit some brief observations on some of its points; but they will be little more than an expression of my individual opinions, with little or no argument.

The first question propounded is substantially as follows: "Have the diminution and great oscillations in value of silver that have occurred, especially of late years, been injurious or not to commerce, and, consequently, to general prosperity?"

Is it desirable that the relation of value between gold and silver should be stable?"

I do not see how it is possible to give any but an affirmative answer to these questions; unless, indeed, the use of silver as money is to be wholly discontinued; and no one, here or elsewhere,

¹ See page 346.

advocates that. Although, according to the logic of gold monometallists, it might seem that if an exclusive gold currency is the best for one country, it must be for all countries, yet I do not understand that any one proposes to inaugurate measures for the universal demonetization of silver.

Silver, then, in a greater or less degree, is still to be used as money by commercial nations every-where, and, this being admitted, can argument be required to prove that great fluctuations in its relative value must necessarily be injurious to commerce and to general prosperity. And as gold is also to be used, is it not equally obvious that the relative value of the two metals should be as stable as possible. The effect of an unstable and greatly fluctuating currency upon debtors and creditors, at one time to the injury of the former, and at another to the injury of the latter; the discouragement to production, the uncertainties of employment, and the difficulties of exchange, to say nothing more, are sufficient to demonstrate how great are the calamities that such a currency is sure to inflict, and how imperative is the duty of Government to prevent, or, at least, to mitigate them.

We are next asked, "whether the fluctuations in the value of silver of late years are to be attributed to an increase in the production of that metal, or rather to legislation?"

It seems to me very clear that they were caused by unfriendly legislation, and not by increased production. According to the table presented by Dr. Broch,¹ the mean price of silver in 1845, in the London market, was 15.93 of silver for one of gold, and the mean price, or ratio, in 1873, 29 years later, was precisely the same.

During this period, there were some fluctuations, not very great, however; and, taking the mean of the whole 29 years, we have the striking fact that the relation was 15.54 to 1, being almost exactly the legal relation ($15\frac{1}{2}$ to 1), that has existed in France for about 78 years, and that now exists in the States of the Latin Union.

But, during the 29 years above mentioned, the production of gold was enormous, and was, in value, at least double that of silver; so that, if either metal should have lost value as compared with the other, it would seem that it should have been gold, and not silver. Yet their relative value was precisely the same in 1873 that it was in 1845.

¹ See page 442.

But in 1873 began, both in America and Europe, that course of legislation to which, in my judgment, are chiefly to be attributed the monetary troubles which this Conference has met to consider. In the United States, by Acts of Congress of 1873 and 1874, silver was demonetized; and, although the error, after the lapse of several years, was corrected, yet the coinage of full legal tender silver is greatly restricted.

In Europe, Germany and the Scandinavian States have become gold monometallic, while the States of the Latin Union have almost wholly suspended the coinage of the white metal. That metal, being thus, by force of legislation, condemned and dishonored, its fall in value was inevitable, and the only matter of surprise to me is that it is no greater than it is. Look at the facts. In 1873, the relation between silver and gold was 15.93 to 1. Then commenced the legislation of which I have spoken, and its effect was instantly seen. In 1874, the relation was 16.16; in 1875, 16.63; in 1876, 17.80; in 1877, 17.19; in 1878, 17.96; in 1879, 18.39; and in 1880, 18.06 to 1. Was ever a result more directly traceable to its cause?

The next question propounded by the *Questionnaire* is this: "Is it, or is it not, probable, that if a great group of States should agree to a free and unlimited mintage of coins of the two metals, having full legal tender faculty, in a uniform proportion for the gold and silver contained in the monetary unit of each metal, a stability, if not absolute, at least very great, in the relative value of the metals would be obtained?"

It might, perhaps, be said, by a person disposed to be hypercritical (which I am not), that there is some ambiguity in the expression, "a great group of States" ("un grand group d'Etats"), in this question.

The nations of Asia form a great group of States. So do those of North and South America. And, certainly, all, or even the principal States of Europe, including Great Britain, form a very grand group. But I can not suppose that the framers of the *Questionnaire* wish us to discuss the question whether a bimetallic union in Asia alone, or in America alone, would have the effect suggested by the question. The inquiry is doubtless a practical one, and is to be construed in view of the circumstances that brought about the holding of this Conference, and, especially, with reference to the States here represented. The question, then, may be stated in this wise: "Were a great group of the States of Europe and America to form and maintain a bimetallic union, such as that

supposed in the question, would the result be a great stability in the relative value of coined gold and silver?"

In my humble judgment, that would certainly be the result of such a union, provided Great Britain and Germany were parties to it. Without their concurrence, or at least that of one of them, I fear that the day is not as near as I could wish when it will be possible to form such a union and to make it effective. So long as they stand opposed to bimetallism, other States will be opposed to it, or occupy an expectant or neutral attitude; and the pronounced bimetallic States will not, perhaps, be sufficient to form that grand group, upon whose formation and maintenance success is said to depend. And yet, I believe that bimetallism will ultimately prevail; for I can not see how the vast structure of credit, the most distinguishing feature of modern industry and commerce, can be supported on a gold basis alone. With both metals its base has often been found too narrow; but with one it would be, to my apprehension, positively unsafe.

The remaining points in the *Questionnaire*, though interesting, and worthy of serious consideration, may, without impropriety, be called minor points; and I shall not, at present, offer any observations upon them.

I wish now to make some brief remarks upon the concessions, as they have been called, that, it is suggested, the Governments of Germany and India are willing to make. To avoid the possibility of misstatement, I quote the German propositions from the Declaration of her Delegates, as follows:

EXTRACT FROM THE DECLARATION OF THE DELEGATES FROM GERMANY.

(Translation.)

"We recognize, without reserve, that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

"Her Delegates are, therefore, not able to subscribe to a like proposition.

"The Imperial Government sees itself on the other hand, entirely disposed to do its best to second the efforts of the other powers which might wish to unite in view of a rehabilitation of silver by means of the free coinage of this metal.

"To reach this end, and to guarantee these powers against the afflux of the German silver, which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:

"During a period of some years, it would abstain from all sales of silver, and

during another period of a certain duration, it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second one, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited outflow of German thalers drawn from the National funds. Private individuals or the Imperial Bank (which is a private bank under special control of the Government) would not be able, on the other hand, to cause thalers to flow to the mints of the Bimetallic Union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to $15\frac{1}{2}$, established by the Bimetallic Union, should undergo a considerable modification in favor of silver. This last contingency, appears, however, but slightly probable. In all other cases, the exportation of thalers would, of necessity, entail a loss to those who might undertake it; and hence the countries of the Bimetallic Union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from free coinage in the Bimetallic Union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

"If an international arrangement, based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions; she would provide, in her own circulation, a wider area for the metal silver, thus generalizing the use thereof. To attain this end, the Imperial Government would engage to retire eventually the gold pieces of 5 marks ($27\frac{3}{4}$ millions of marks), as well as the Imperial Treasury notes of the same value (40 millions of marks).

"It might, further, melt down and recoin the silver pieces of 5 and 2 marks (71 and 101 millions of marks), by taking as a basis a relation between the two metals approaching that of 1 to $15\frac{1}{2}$; whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

"You have here, gentlemen, the concessions which the Imperial Government would be willing to offer, and of which its Delegates are now ready to discuss the scope and the details of execution."

And, in like manner, I quote the India Proposition from the speech of Sir Louis Mallet, at the 7th Session of this Conference, as follows :

EXTRACT FROM THE SPEECH OF SIR LOUIS MALLET, AT THE SEVENTH SESSION, TUESDAY, 17TH MAY, 1881.¹

(Translation.)

"My colleague and myself find ourselves here in a position altogether exceptional. The East Indian Government is not even invited to join the Bimetallic Union which has been proposed. On the contrary, if I am rightly informed, all that is hoped for from us, while England remains aloof, and which, from the

¹ See page 259.

commencement of the negotiations, has been known to all the world, is that no change be made in the present monetary system of the Indian Empire. *

"We are authorized to respond to this wish in the following manner, namely: that, during a definite period, the duration of which shall be the subject of later negotiation, the Indian Government will undertake to maintain its present system of free coinage of silver, having full legal tender faculty throughout the whole of Her Majesty's Indian possessions.

"But, it must be added, that we could only bind ourselves in this absolute manner upon the condition that a certain number of the principal States of the world pledge themselves, on their part, to maintain within their borders, during the same period, the free coinage of silver, as full legal tender, in the proportion, as respects gold, of $15\frac{1}{2}$ to 1; and our engagement would remain in force only during the maintenance of this state of things."

Mr. President, and Gentlemen—At the outset, I wish to state distinctly that what I may say in reference to these several propositions will be nothing more than an expression of my own opinions. I shall not presume to speak authoritatively for my Government, although I hope and believe that what I shall say will reflect its sentiments.

A majority of the people of the United States are, undoubtedly, at this time, bimetallists, and wish to see bimetallism established throughout the commercial world. In advocating this policy, they are not actuated simply by a desire to obtain a better market for their silver; as has been most injuriously said, not in this Conference, certainly, but elsewhere. On the contrary, their motives are of the highest and noblest character, as my colleagues have eloquently and convincingly demonstrated, and are as free from the taint of mere selfishness as it is possible for international transactions to be.

But, while the American people believe that the existing monetary systems of the world greatly need reformation, that the present status is injurious to commerce and general prosperity, and is a hindrance to that friendly intercourse and harmony among States that are so much promoted by a mutually beneficial trade; and while they believe that one of the most effective, if not the most effective, reforms that could be made would be the adoption of bimetallism; yet, they are too well informed not to know how slow is the progress that truth often makes, and that it is seldom the part of wisdom to reject what is attainable and reasonable at the time, because it falls short of something better and more desirable. I think, therefore, that, in view of the difficulties of the situation and of the conflicting opinions of States and statesmen, my Gov-

ernment would not, probably, feel it to be its duty to reject any and every proposition that comes short of perfect bimetallism.

Relying on the goodness of its cause, and believing in its ultimate triumph, it could afford to march step by step instead of insisting upon reaching the goal at single bound. But, if we be invited to halt at a halfway-house and tarry in it for a season, we must, before we accept the invitation, be well assured that the tenement is not a dangerous one for us to occupy. Now, here, as it seems to me, lies the chief obstacle to the acceptance of the propositions in question. Each of the propositions, as I understand it, requires that the United States and France, and, perhaps, the chief States of the Latin Union, shall open their mints, and keep them open, for the free and unlimited coinage of silver into money having full legal tender quality. It is not for me to say what France, or the States of the Latin Union, or other States of Europe here represented, may think of such propositions. Their Delegates will answer for them, if they see fit to do so—I can speak in reference to my own Government alone. Would such an agreement as that proposed be acceptable to the United States? I am bound, speaking frankly, to say that I think it would not. There is a great and vital difference between a grand Bimetallic Union, that, by fixing and maintaining a stable relation between gold and silver, would stop, or, at least, powerfully tend to stop, the efforts, so often made, to drain a State at one time of one of the metals, and at another time of the other, and a little and halfway union, that might leave each State liable to a recurrence of such drains. Now, if I understand the views of my Government and of the American people, they do not desire an alternative standard, gold to-day and silver to-morrow, nor a single standard, whether of gold or silver, and certainly, not the single silver standard. Their stock of silver money, is less, in proportion to the wealth and population of the country, than that of most commercial nations, while, on the other hand, their stock of gold is very large, is steadily increasing, day by day, and is likely, unless prevented by some blunder, to continue to increase. Under such circumstances, it is but natural that the Government should hesitate to enter into an agreement, the effect of which might possibly be to lessen the amount of our gold. It would cheerfully become a party to a great Bimetallic Union, which, if formed, would, of course, open its mints to the free coinage of silver; but I must be permitted to doubt whether, without such an union in existence, it will, by convention, surrender its power over its own coinage.

In saying this, I would not be understood as underrating the importance of the German and English propositions. I consider them as steps in the right direction, and entitled to most respectful consideration; but, in my judgment, they fall far short of what the exigency requires, and I see no probability of their acceptance.

MR. SCHRAUT then read the following address:

Mr. President, and Gentlemen—I shall first of all tell you that, in what I am about to say on the first and second points of the interrogatories before us, I am merely expressing my personal views. The fall of the price of silver, and the fluctuations to which the value of that metal is subject, have caused a certain injury to commerce. They have, especially, rendered more difficult the exportation of manufactured articles to countries where silver is the only denomination of value, particularly Eastern Asia and India.

Moreover, the oscillations in the price of the white metal expose commercial affairs in general to the invasion of irregular speculation.

The commercial situation of the United States, and of those European countries where the monetary situation is practically based on that metal, is now such that those countries, owing to the depreciation of silver, can make use only of bills payable in gold, when they have accounts to settle among them. For cash international payments, they have also to use gold money, to the exclusion of silver.

Owing to these circumstances, every State is trying to husband and increase its supply of gold. This struggle to gather together gold is not without inconvenience, as has been observed during the last two years. In 1880, especially, we saw the rate of discount at times rise, and gold at a premium in France, solely because Europe had that year to pay a somewhat considerable quantity of gold to America; but must it be thought that the continuance of this drain, to the advantage of America, will lead in an early future to a gold famine in Europe? That is a point on which I do not wish to enlarge; I merely venture to express the opinion that the fears entertained on this point seem, to me, a little exaggerated.

What seems certain is that commerce would greatly suffer if the demonetization of silver, and the adoption of the single gold standard, were destined to become more general.

The countries where paper money now prevails will, moreover, with difficulty succeed in substituting the metallic for the paper money system.

This substitution of metal for paper, which is subject to too frequent fluctuations, and the disappearance of the discount which affects the great mass of minted silver, would, doubtless, exercise a beneficent influence on the development of international commercial relations.

Even the countries holding to the gold standard should, consequently, desire the augmentation, or, at least, a comparative stability, in the price of silver.

As to the causes of the depreciation of silver, I must say that it is not mainly due to the sales of silver by Germany; it arises rather from the suspension of the coinage of silver money in the countries of the Latin Union—a suspension which was, in part, caused by the adoption of the gold standard in Germany.

Germany's sales of silver may, indeed, have at times depressed the market; but what proves that their influence has been quite secondary, as regards the depreciation, are the following figures:

During the period which has elapsed from 1871 to the end of 1879, the production of silver rose to a total of more than three milliards of marks, and the bills of exchange of the Indian Government, which act instead of silver, reached a total sum of about two milliards of marks; whereas, the sales of silver made by Germany amount only to 560 millions of marks.

Germany's sales took place mostly in 1877, when the average price of silver was $1\frac{3}{4}$ d. above that of 1876, and 2d. above that of 1878—years during which the sales of German silver were very limited.

A sensible and persistent depreciation of the white metal remained impossible as long as the Latin Union really accepted it at a fixed price for coinage. The bills of exchange of the Indian Government, and the consignment of silver to India, could not counteract this, except within a limit indicated by a rate, beyond which it became more advantageous to convert the silver into francs by coinage.

Having no longer its regulator, the double standard of the Latin Union countries, silver has lost a constant and certain market. Its value is now subject to the fluctuations of production and the vicissitudes of commerce, and of payments between Europe and Asia. Unfortunately, both these have turned against it.

The increase of silver production has made silver much more plentiful, and, on the other hand, the amount of the bills of the Indian Government, offered in the London market, has undergone a considerable increase. These two events, which have occurred

simultaneously, have afterwards reacted on each other, and have thus produced a progressive fall in the price of silver.

If, in lieu of these unfavorable phenomena, circumstances favorable to silver had arisen—a diminution, for instance, in the silver production, and greater and more lasting demands of silver for India through a falling off in the cotton crops of America—a sensible depreciation of that metal would not have taken place, even assuming the suspension of the coinage of silver in the Latin Union. I conclude from the foregoing, that the opinion, which attributes the depreciation of silver solely to the monetary policy of European States, is not altogether correct.

MR. CERNUSCHI thought himself bound to call attention to the speech just delivered by the Delegate of Germany. Nobody could be mistaken as to the feelings animating him, when, after acknowledging the loss sustained by the Empire from the demonetization of its silver coin, and after having even proposed to repair that loss, he now, in the name of science, protested against the erroneous monetary policy of Germany, and repelled an accusation thrown out against the Latin Union. Neither the more plentiful issue of bills by the Indian Government, nor the glut of production of the silver mines, was the cause of the existing evil.

The institution of bimetallism had always precisely for its object, and had always produced the effect, of a guarantee of the relative value of gold and silver, against all natural or commercial influences which could act upon the relative value of other commodities. If Germany had not endeavored to appropriate the legal monometallism of England, France would have continued to coin the two metals freely; and, in spite of the fertility of the mines, in spite of the drafts of the India Council, gold and silver would still be at 15½ the world over, as it had been in the past. Mr. Soetbeer had always desired to cast upon us the responsibility for the present monetary disorder, because we ceased to coin silver; but it was Germany that made the beginning.

Mr. Soetbeer had supposed that Germany could become monometallic by pouring all her silver into France, and by draining her of French gold at the rate of 15½; that is, without loss to the Imperial Treasury.

There is a desire to resume this plan, and this is the object of these pretended concessions, which consist in reducing the exportation of German silver, but in exporting it gradually into the countries of the Latin Union, and in taking gold for it at 15½. Even the

proposed recoinage of 5-franc silver pieces into smaller pieces, coined at $15\frac{1}{2}$, would lead to this final result.

MR. CERNUSCHI desired clearly to state that the German legislator had been the sole author of the silver crisis; and, on the other hand, that Germany, failing possible new Declarations, had as yet made no proposition which the United States and France could regard as a concession.

MR. DANA HORTON remarked that the mistake, justly attributed by Mr. Cernuschi to the German legislator, went further back. It originated in England; it was next propagated in France, and in 1867, at a Conference, in which even the United States were represented, all the civilized nations indorsed it. The responsibility for the mistake fell both on the German legislature and on the civilized world.

BARON THIELMANN, Delegate of Germany, had understood that Mr. Seismit-Doda and Mr. Cernuschi expected a fresh Declaration from him. He had nothing to add to what he stated at the meetings of the first Session of the Conference.

MR. FREMANTLE, Delegate of Great Britain, presented to the Conference the replies of the English Government to the requests for information, made by Mr. Cernuschi, Mr. Lardy, and Mr. Broch, at the 3d, 4th and 7th Sessions,¹ and he added.

I have had the honor of submitting to my Government the questions, which were addressed to me as Delegate of Great Britain by the honorable Mr. Cernuschi, and by the honorable Mr. Dana Horton, at the Sessions of the 14th and 17th of May.

My Government has asked me to point out to the Conference that these interrogatories can not be regarded as simple requests for information, but are rather in the nature of theses, designed to maintain certain opinions, and which can not be replied to without entering on a detailed controversy.

In the opinion of Her Majesty's Government, there would be serious inconveniences in entering on questions of that kind by means of interrogatories and replies.

The Delegate of Great Britain handed in, at the same time, the following reply made by the Delegate of Canada, Sir Alexander Galt, to the question put by Mr. Cernuschi at the 6th Session:

¹ Exhibit C., p. 441.

Dominion of Canada,
Office of the High Commissioner,
10 Victoria Chambers, London, S. W.

Reply to Question XXXV, by Mr. Henri Cernuschi, relative to Canada.

Undoubtedly, if the United States adopted bimetallic legislation, in accord with Europe, it would be the interest and policy of Canada to follow the same course.

(Signed)
June 20, 1881.

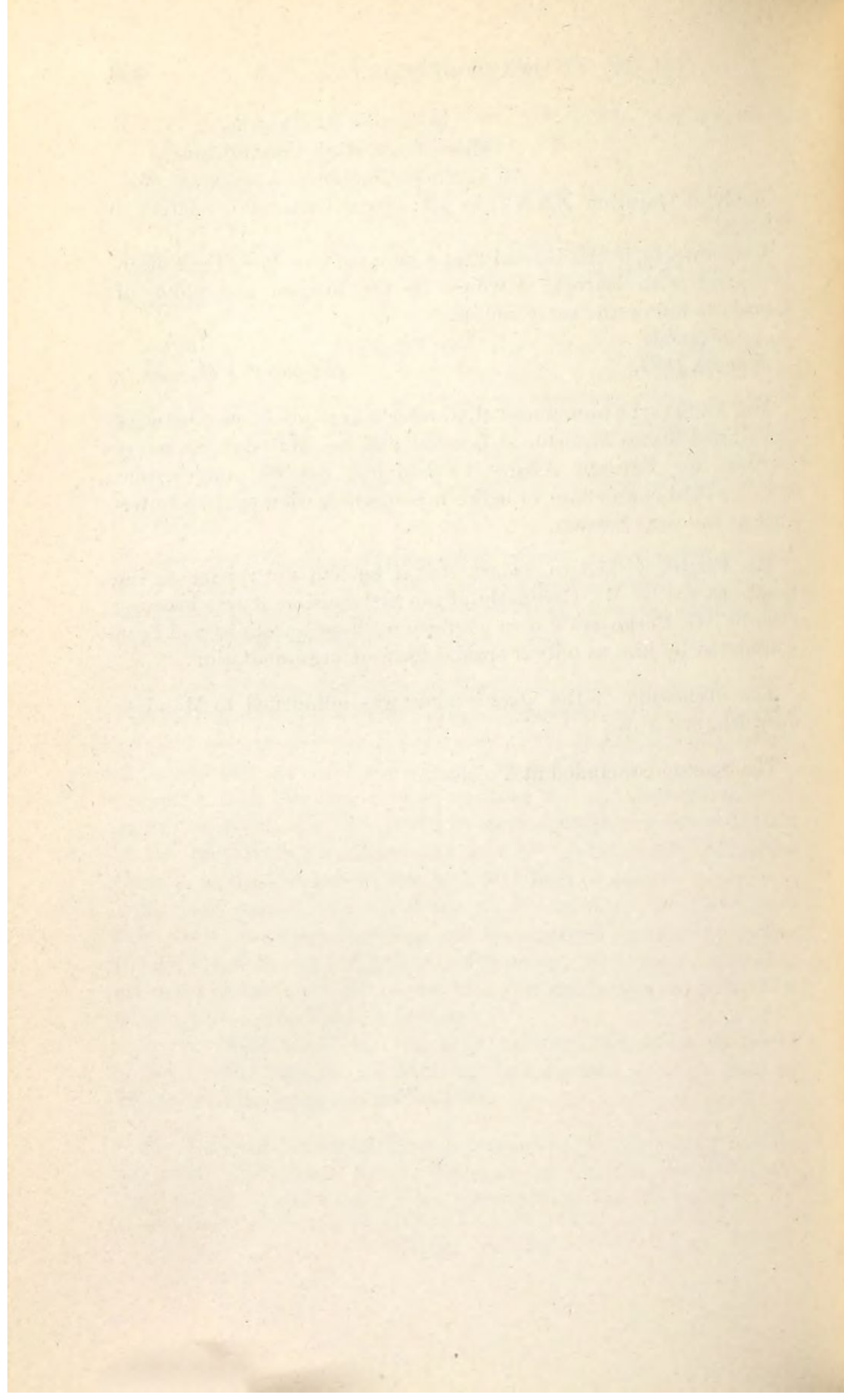
A. GALT.
Delegate for Canada.

MR. FREMANTLE announced that, after a correspondence between the United States Minister at London and her Majesty's Secretary of State for Foreign Affairs, he had just received instructions which would enable him to make a communication to the Conference at the next Session.

MR. PIRMEZ wished to remark that if he had not replied to the questions put by Mr. Cernuschi at the first Session, it was because, even by Mr. Cernuschi's own confession, these questions had been considered by him as only a special form of argumentation.

The discussion of the *Questionnaire* was adjourned to Monday, July 4th, at 1 P. M.

The Session concluded at 3 o'clock.



EXHIBITS OF THE TENTH SESSION.

EXHIBIT A.

(Presented by the DELEGATES OF GERMANY, page 420).

RESPONSE OF THE GERMAN DELEGATES TO THE REQUEST FOR INFORMATION ADDRESSED TO THE CONFERENCE BY MR. CER- NUSCHI.

The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st of January, 1874.

(3d Session, 7 May, 1881.)

Answers.

1. To state the quantities of silver converted—

- (a) Either into coin with unlimited legal tender;
- (b) Or, into coin with limited legal tender;
- (c) Or, into coin current outside the State manufacturing it.

2. The cost to each State, of the metal which served to manufacture the different coins?

3. The additional sum which must have been expended in buying the silver thus minted if bimetallism at $15\frac{1}{2}$ had been in force; that is to say, if silver had still been worth $60\frac{1}{16}d.$?

4. The total amount of the profit realized by the State by buying silver at prices below $60\frac{1}{16}d.$?

1. (a) None.

(b) See annexed table marked (A).

(c) None.

2. Old silver coin withdrawn from the circulation was used for the manufacture of these coins.

The cost of the silver, independently of the wear of the coin melted down, and of the losses caused by the recoinage, correspond, therefore, with the nominal value of the coins melted down; it amounts to 382,271,086.62 marks for 4,247,466.518 pounds of fine silver.

See No 7.

3. This question has no meaning for Germany.

4. Ditto.

5. To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the ingots for mintage?

6. To indicate, if possible, the source of the ingots by the marks they bore?

7. To indicate whether old demonetized coins have been reminted, and to what amount?

8. To indicate whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves or to the State.

9. The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin were coined?

5. In Germany the law does not permit the mintage of silver for private persons.

6. This question has no meaning for Germany.

7. In the total amount of 4,247,466.⁵¹⁸ pounds fine silver, indicate in No 2, are included 32,429.⁵⁶⁹ pounds of fine silver, which were delivered to the mints in the form of ingots produced by melting down the silver coins of the different States, which had been withdrawn from the circulation.

The nominal value of these last was 2,988,453 marks. Exclusive of the latter sum, the total amount of metal to be coined was composed of silver coins of the different States given up *in specie* to be minted into coins of the Empire.

8. This question has no meaning for Germany.

9. See the annexed Table marked (B). The last thaler and last florin were coined in 1871.

(A)—STATEMENT OF THE IMPERIAL SILVER COINS STRUCK IN THE GERMAN MINTS, SINCE 1ST JANUARY, 1874.

No. YEAR.	Pieces of 5 Marks.		Pieces of 2 Marks.		Pieces of 1 Mark.		Pieces of 50 Pfennings.		Pieces of 20 Pfennings.		Totals.	
	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.
1 18/4....	Marks. 4,992,050	Lbs. 49,920 500	Marks.	Lbs.	Marks. 32,540,104	Lbs. 325,401 040	Marks.	Lbs.	Marks. 8,799,467 40	Lbs. 87,994 674	Marks. 46,331,621 40	Lbs. 463,316 214
2 1875....	20,126,485	201,264 850	.....	.....	74,410,221	744,102 210	10,810,380 00	108,103 800	10,211,908 60	102,119 086	115,558,994 60	1,155,589 946
3 1876....	46,534,560	465,345 600	74,773,814	747,738 140	35,394,107	353,941 070	37,993,846 50	379,938 465	15,383,908 80	153,839 088	210,080,236 30	2,100,802 363
4 1877....	.....	.....	23,037,078	230,370 780	745,526	7,455 260	22,300,262 50	223,002 625	140,076 00	1,400 760	46,222,942 50	462,229 425
5 1878....	.....	.....	699,156	6,991,560	5,485,584	54,855 840	382,063 00	3,820 630	.....	.....	6,566,803 00	65,668 030
6 1879....	.....	.....	296,960	2,969 600	156,414	1,564 440	.....	.....	5,000,000 00†	50,000 000 }	453,404 00	4,534 040
7 1880....	.....	.....	2,219,934	22,199 340	2,311,716	23,117 160	.....	.....	.....	.....	4,531,650 00	45,316 500
*8.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total...	71,653,095	716,530 950	101,026,942	1,010,269 420	151,043,702	1,510,437 020	71,486,552 50	714,865 520	29,535,360 80	295,353 608	424,745,651 80	4,247,456 518

* 1st January to end of April, 1881.

† 5,000,000 marks of 20 pfennig pieces were retired in 1879, and recoined into 1 and 2 mark pieces in 1879 and 1880.

(B.)—STATEMENT OF SILVER COINS OF THE DIFFERENT STATES (CURRENT AND FRACTIONAL COINS) STRUCK IN GERMANY IN THE YEARS 1869, 1870, AND 1871.

Numbers.....]	COINS STRUCK IN GERMANY.	1869.		1870.		1871.		Totals.	
		Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.
A.—CURRENT MONEY.									
SILVER.									
1	Piece of 2-1 thaler	3,802th.	11,406 00	6,270th.	18,810 00	10,454th	31,362 00	20,526th.	61,578 00
2	" 1-1 thaler	6,322,277	18,966,831 00	6,366,648	19,099,944 00	10,536,464	31,609,392 00	23,225,389	69,676,167 00
3	" 1-3 thaler								
4	" 1-6 thaler	106,374th. 20sgr.	319,124 00	46,613	139,839 00	48,878th 10sgr.	146,632 00	201,865	605,595 00
5	" 1-12 thaler								
6	" 2-1 florin								
7	" 1-1 florin	122,271fl.	209,607 43	72,127fl.	123,646 29	35,030fl.	60,051 43	229,428fl.	393,305 15
8	" 1-2 florin	138,866½	238,056 86	77,540½	132,926 57	45,674½	78,299 14	262,081½	449,282 57
9	Add for Hanseatic Cities: Pieces of 1-1 thaler of gold					66,550	199,650 00	66,550th.	199,650 00
	Total A.....		19,745,025 29		19,515,165 86		32,125,386 57		71,385,577 72
B.—FRACTIONAL MONEY.									
SILVER.									
1	Pieces of 1-12th thaler	187,296th. 12sgr. 6pf.	561,889 25	225,927th. 2sgr. 6pf.	677,781 25	194,463th. 20sgr.	583,391 00	607,687th. 5sgr.	1,823,061 50
2	" 1-15th thaler	39,920 14	119,761 40	2,059 18	6,178 80	16,361 16	49,084 60	58,341 18	175,024 80
3	" 1-30th thaler	218,194 22	654,584 20	241,245 7	723,735 70	213,059 17	639,178 70	672,499 16	2,017,498 60
4	" 1-48th thaler								
5	" 1-60th thaler	7,465 28	22,397 80	13,570 15	40,711 50	4,516 24	13,550 40	25,553 07	76,659 70
6	" 6 kreuzers								
7	" 3 kreuzers	24,267¼fl.	24,458 14	12,943fl.	22,188 00	14,425fl. ¾	24,729 86	41,636fl.	71,376 00
8	" 1 kreuzer	70,732fl. 56kr.	121,256 46	63,409th. 15kr.	108,701 57	69,256fl. 16kr.	118,725 03	203,398 27kr.	348,683 06
	Total B.....		1,504,347 25		1,579,296 82		1,428,659 59		4,512,303 66
	Adding A.....		19,745,025 29		19,515,165 86		32,125,386 57		71,385,577 72
	General Total		21,249,372 54		21,094,462 68		33,554,046 16		75,897,881 38

EXHIBIT B.

(Presented by MR. PIRMEZ, page 420.)

LETTER FROM THE GOVERNOR OF THE NATIONAL BANK OF BELGIUM TO THE FINANCE MINISTER AT BRUSSELS.

Brussels, June 29, 1881.

Sir—You have done us the honor of requesting the views of the Bank on the question of the Single or Double Monetary Standard.

We do not suppose that it was your idea that we should enter into a profound examination of the vast question of metallic circulation, a question which has been further widened by the manifold considerations which have been, in our view, unwisely complicated with it. A volume would be necessary to do justice to the errors, so varied in their nature, which have been put forth, and, let us admit, defended, with passion and with talent, in the numerous debates, treatises, and polemical writings which have been produced on the subject of bi and monometallism.

It seems, therefore, that every thing has been said already, and that the only work which can now be usefully undertaken is to put side by side the various arguments presented, in turn, for and against the double and single standard, and in a manner to institute a comparison between them. The recent discussion in the Monetary Conference, which is still in session, will singularly facilitate this task.

We think that we can the sooner respond to your idea by contenting ourselves with recalling that, on various occasions, the Bank has had reason to make known its views on the question of the monetary standard, and to communicate them to your department, notably in its letter of 28th August, 1873, when, on being consulted by the Finance Minister of that day, concerning the measures to be taken to parry the effects of the depreciation of silver, it declared, that in "regard to the principle of money organization, the unanimous opinion of the Bank Council was in favor of the single standard."

This opinion to which, with unanimity among the members which composed its board of directors, the Bank gave expression, in 1873, is still its opinion; the events which have occurred since then, and of which the letter just mentioned expressed an anticipation, outlined, with some clearness, far from having shaken its way of looking at the matter, have only confirmed it. We remain, therefore, and are convinced partisans of unity of standard.

We think that the simultaneous use of two different and variable units, in order to measure all values, is an attack upon logic and upon good sense.

We think that fixity, which ought to be the *desideratum* to be aimed at in the choice of a measure of all objects, is more surely to be attained with one metal than with two metals, to establish the immovability of which the law is impotent.

We think that money is nothing but a merchandise, which commands the intervention of the State merely that it may certify and guarantee its weight and fineness, and that it is, therefore, impossible to prevent variations of the relative value of the two metals.

Permit us, sir, in closing, to call your attention to the fact, that we have, perhaps, a certain merit in defending this opinion, inasmuch as the opposite view might prove favorable to the present interests of the establishment which we have the honor to direct, and as the considerations which guide us, our solicitude for the general interest and weal of the country, outweigh the desire, legitimate as it appears to us, to increase the profits of the Bank.

It is, perhaps, unnecessary to remind you that speculations in the metals are expressly allowed to the Bank, and that it is better situated than any other establishment, to be enabled to profit by any such variation in the ratio of the two metals, of which the past offers us numerous examples. Nothing, therefore, would be more easy, nor more profitable for the Bank, than to substitute one metal for the other in the circulation, according as it should find it to its advantage to do so. If the Bank is willing to close this source of a profit, which is certain, and which implies no risk whatever, it is because it is convinced that these benefits would be realized to the detriment of the trade and manufactures of the country, for, in its relations with abroad, this trade would have to suffer losses of exchange which would diminish its profits and paralyze its activity.

Accept sir, the assurance of our profound consideration.

(Signed),

To the Minister of Finance.

PIRSON, *Governor,*

WEBER, *Director.*

(*Acting as Secretary.*)

EXHIBIT C.

(Presented by MR. FREMANTLE, page 422.)

REPLIES TO QUESTIONS PROPOSED BY THE INTERNATIONAL MONETARY CONFERENCE, 1881.

GREAT BRITAIN.—PROPOSITION OF MR. CERNUSCHI. *See page 422.*

	OUNCES.
Amount of silver bullion purchased for the coinage of British token coins from 1st January, 1874, to 31st December, 1880.....	6,606,193
Average price per ounce.....	55 $\frac{19}{16}$
Total amount paid.....	£1,530,532
Amount which would have been paid if the purchases had been made at 60 <i>d.</i> $\frac{13}{16}$ per ounce.....	1,673,913
Gross profit to the State on the purchases made.....	282,729
Loss to the State by recoinage of silver coin withdrawn from circulation.....	258,851
Net profit to the State.....	£23,878

All silver bullion, for coinage, is purchased by the Government, and the profit resulting from its conversion into coin accrues to the State only.

It is not possible to furnish any accurate statement respecting the source whence silver ingots sent into the mint are derived, as almost all the bar silver received is refined in London before its purchase for coinage..

During the period from 1st January, 1874, and 31st December, 1880, no British coins have been demonetized.

PROPOSITION OF MR. LARDY, DELEGATE OF SWITZERLAND. *See page 421.*

It is very difficult to form an estimate of the amount of the precious metals annually used in the United Kingdom in the arts and in industry. The Report of the Select Committee of the House of Commons, on Depreciation of Silver (1876), estimates the amount of silver thus absorbed, at 600,000*l.*

The amount of gold thus absorbed has been estimated at between 250,000*l.* and 500,000*l.* a year, which includes the amount sold by bullion merchants to manufacturers at Birmingham and elsewhere, and also sovereigns taken from circulation by persons using small quantities of gold.

Counterfeit coining is not extensively practiced in the United Kingdom, and every effort is made to repress it.

The average number of prosecutions for making or issuing counterfeit coin, during the last five years (from 1876 to 1880), has been 182, and the average number of persons convicted 209.

PROPOSITIONS OF DR. BROCH, DELEGATE OF NORWAY. *See* page 423.

No gold or silver moneys of foreign countries are received at the English Mint for coinage.

ELEVENTH SESSION.

ELEVENTH SESSION.

MONDAY, *July* 4, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden,
Norway and Switzerland,
The United States of America, and of
France,

who attended the previous meeting, with the exception of Mr. Pirmez, Delegate of Belgium, and Mr. Howe, Delegate of the United States.

The Session was opened at 1 P. M.

Before the Minutes were read, the President thought it right to make himself the interpreter of the feeling of the members of the Conference in expressing to the Delegates of the United States all the indignation and the horror felt by them at

the criminal attempt on the life of the Chief Magistrate of the American Republic. He begged them to transmit to Washington the expression of the warm sentiments of sympathy, and at the same time, of hope, which the Conference addressed to the President of the United States and to the whole American nation.

MR. EVARTS then spoke as follows:

The Delegates of the United States, upon the information, of yesterday morning, that the terrible crime which had brought into the extremest peril the life of the President threatened an immediate fatal result, felt that it would not be in their power to take part in the sitting of the Conference to-day.

They have the pleasure now, in attending upon this Session, to announce that the news from their country continues to give good encouragement of the President's recovery from his wounds.

They desire, also, gratefully to acknowledge the kind and cordial expressions from their colleagues in the Conference, of sympathy in the public and private grief which surrounds the President in his critical condition, and they will hasten to transmit to their Government these sentiments, which have been so warmly expressed by the President of the Conference upon opening this Session.

THE PRESIDENT proposed that, as a testimony of sympathy, this manifestation of the feelings of the Conference should be recorded on the Minutes, and, he added, in agreement with Mr. Evarts, that owing to the better news as to President Garfield's condition, the Conference would not suspend its Session, but would resume its labors.

The Minutes of the Session of the 2d July were read and adopted.

The discussion of the *questionnaire* was resumed.

MR. DUMAS, Delegate of France, spoke as follows:

Gentlemen—In the *questionnaire*, which you adopted some time ago, there are two questions, namely, Questions No. 3 and No. 5, concerning which I ask leave to set forth to the Conference, in a few words, the ideas which I should have offered in the course of the discussion if I had not been temporarily kept away from your later Sessions.

Question No. 3, is in these terms: "Is it probable or not that if a large group of States should agree"

a stability in the relative value of these metals would be obtained, which, if not absolute, would, at least, be very substantial?"

And Question No. 5 adds, "In adopting bimetallism, what should be the ratio between the weights of pure gold and of pure silver contained in the monetary units?"

Between these two questions there is another bearing the number 4, which, it seems to me, may and should be treated after the other two have been solved, or at least sufficiently considered, because Question No. 4 especially relates to the measures by which one or other of the preceding propositions might be carried out.

I will, therefore, confine myself, at present, to considering Question No. 3 and Question No. 5, in their principles and effects, reserving to myself, if necessary, the right to revert to the details which Question No. 4 may involve.

It is more than half a century, gentlemen, since it came in my way to enter upon studies and labors respecting the monetary question which you are now discussing.

At the date to which my memory carries me back, we were, in France, in presence of a phenomenon which had hitherto passed unnoticed. On consulting the recollections of my youth, I am struck with the fact that we had arrived, under the *régime* of bimetallism, at a state of such perfect quietude in relation to monetary questions, that nobody, it may be said, in France at least, devoted attention to them. Events were allowed to drift, and nobody appeared to understand that there might be questions calculated to lead to derangements and difficulties either for the State or for individuals.

At that time, however, I found that as regards France in particular, of the total production of 200 millions of francs of silver, France every year, on the average, retained 100 millions, thus yearly augmenting her stock of money. This circumstance, I repeat, had passed unnoticed. The Ministry called upon to examine the question felt that a serious problem was before it. A commission was appointed, composed of competent persons, very few in number. The Commission started with the fundamental idea that France had adopted silver as the principal standard, and that the silver franc was the basis of her monetary system. If silver entered France in more considerable quantity than appeared necessary for her own circulation, and if, at the same time that silver took the place, in large part, of an equivalent quantity of gold which was sent abroad, consequently, the mass of gold existing in France was seen to be diminishing at a very rapid rate, and the

danger was that it would disappear altogether, it was necessary to consider the question of withdrawing its legal tender power, or, at least, that it should be reduced by diminishing the weight of the 20-franc piece to a value which would no longer allow of its exportation. The Commission, of which I was the organ, concluded by saying that, in lieu of coining 155 twenty-franc pieces, 158 should be coined out of a kilogramme of gold. It was silver monometallism which was proposed, gold losing entirely, or, at least, in a considerable degree, its paying power.

Among the 12 members of the Commission, there were, however, some, and they were not the least competent, who had no strong sympathy with the idea of suppressing, or even of reducing, the functions of one of the money metals.

It was these Conferences, which were kept secret, which led Mr. Michel Chevalier, who, however, had not been a member of that Commission, some years later, to make a sweeping proposition of silver monometallism, and the reduction of gold to the rank of a token.

Every body knows that, later on, Mr. Michel Chevalier changed his opinion, and proposed to give gold a monometallic value, and to put silver in an inferior position relatively to gold.

Need I add, that, in the presence of natural or economic phenomena, which have so often in these 50 years altered the respective situation of the two metals in the circulation, the opinions I heard maintained in my youth by the men most enlightened on financial questions, have come back to my mind with fresh force? After having been inclined to regard silver as the type money of our country, and gold money as properly subordinate to it, I have understood that the most eminent financiers, who were good enough to make me the confidant of their sentiments and opinions on this subject, were in the right, and that bimetallism was the necessary and inevitable condition of the situation in France, or better, of all other countries.

On studying the question with attention, it will, indeed, be acknowledged, and you have yourselves since this Conference was opened too often heard it proclaimed, that from the origin of civilization, from those remote epochs to which history, or monuments, enable us to go back, we see gold and silver acting together as money, representing all values in commercial transactions.

It may, therefore, be said that there is a necessity, I might say natural necessity, for the simultaneous use of gold and silver at all times and in all countries.

To oppose, for the future, this necessity which, for the past, has been recognized, is certainly to run the risk of inconveniences so serious that, to-day, in spite of the passing confusion which has occurred, nobody here ventures frankly to approach the question and declare, in an unqualified manner, that the simultaneous use of the two metals should be definitively abandoned.

Among the considerations which seem to me to govern the question, there is one which I ask your permission more particularly to point out. If we consider the relative situation of the two metals prior to the discovery of America, it will be recognized that the rate of equivalence in weight between them was not, so to speak, variable. It was between 1 to 10, or 1 to 13, that in these remote times, oscillations occurred in the relative value of gold and silver in the monetary circulation of the various countries.

That this relation was not absolutely stationary is in no way surprising; that it varied in different countries, especially at a time when the movements of persons, merchandise, and of metals were neither very certain nor very easy, that this ratio, I say, oscillated between 1 to 10, and 1 to 13, is, in no sense, to be wondered at.

The imperative conclusion is, that it is a fixed ratio, not that it is a variable ratio. If account is taken of the permanence, or of the limited variations in the relative value of the two metals, it will be acknowledged that the fact arose because that ratio was established, not over small numbers representing petty populations, but over large numbers representing the entire population of the civilized parts of the globe at that date.

Only by applying the theory of large numbers to ratios, which by their nature would seem variable, can we understand how it is that from the time of Alexander the Great, for instance, to the discovery of America, the ratio between 1 to 10, and 1 to 13, is that met with in nearly all documents and historical records.

That this ratio was transformed at the time of the discovery of America, is not at all strange. Silver suddenly arrived in very large quantity, as compared with gold. The discovery of America not only once made, but its consequences a little developed, the ratio of gold to silver changed in Europe owing to this invasion of the white metal. This is the less extraordinary, because at the time in question the mass of metal in circulation was singularly reduced. Historical circumstances, on which it is not necessary to dwell, had led to such an impoverishment of metal, that when the

metallic wave of America arrived, it fell on so low a stock that its invasion caused a prompt alteration in the historic ratio.

But this sudden change once effected, was not the phenomenon which had occurred before the discovery of America again realized? Did we see, as long as no derangement was caused by artificial measures, as long as the slow-working operations of commerce were not interfered with, did we see, I say, the ratio between gold and silver vary to a disproportionate extent after the discovery of America? No. You find it rising to 1 to 14, or even 1 to 16. And when I say 1 to 14, or 1 to 16, does this mean that the ratio was necessarily 1 to 14, at one time and in one place, and 1 to 16 at another time and in another place? No, this nearly always arose from special and temporary circumstances, which disappeared in time and were lost in the mass of the general ratio which all the world had accepted. Indeed, the ratio of 1 to 15½ which we maintained without disturbance for the first 50 years of this century approximates to the ratio existing in Louis XIV's reign; we discover it under Louis XVI.; and it still represents a ratio accepted, I may say, by the unanimous consent of nations since France made it the basis of her monetary system.

Does this mean that it is a natural and necessary ratio? No; but it means that when this ratio has been admitted by a certain number of States, the great numbers which come in, through its application to a widespread population, cause the small monetary or local variations to disappear, or to be subordinated and controlled by the mass of the metals in circulation amid populations who have accepted a common ratio.

I lay stress upon this consideration, because it is really at the foundation of the special discussion to which I desire to confine myself.

It is quite clear that if one should say to-day, "there is a nation which has the pretension, in the present state of the civilization of Europe, and of the rest of the world, with the facilities of communication existing between all countries, and with the enormous extent of commercial relations between one nation and another, there is, I say, a nation which has the pretension of fixing this ratio," it would be senseless. Whatever nation should undertake it, would be punished for its presumption. Recent examples have thrown the clearest light upon this point. A ratio of this kind can only be adopted effectually, and permanently established when great nations, representing numerous populations, submit themselves to such a rule. That system will then last for a time more

or less long, but it will last, at least, for a sufficient number of years, perhaps even for centuries, to be considered endowed with substantial permanence.

If one desired, indeed, to picture to himself the consequences that would ensue, if, instead of acting on the basis of large numbers, a small number should be taken, as is sometimes done in operations of this kind, I should say:

There are on the globe three kinds of countries; there are the countries which produce gold and silver; there are the countries in which this gold and silver is diffused, or in which they serve for all the operations of commerce and the requirements of life; lastly, there are the countries in which these metals are lost, and disappear. There are, consequently, producing countries, enjoying countries, and absorbing countries.

The producing countries are well known; the enjoying country is essentially Europe; the absorbing country for gold is also Europe. When you review the progress of the production of gold, you find that that production had always, as a starting point, a particular part of the globe; that it was diffused over the rest of civilized countries; and when you inquire through what phenomenon or in what manner it disappeared, you find nothing. This gold disappeared of itself; was consumed on the spot, and we know of no country which is especially an absorbing country for gold.

Silver is not in the same position. From the discovery of America, and ever since, America produced the large quantity of silver with which it for some time flooded Europe—I do not speak of modern times—we have seen that of the 200 millions I mentioned just now, 100 millions came to France, and stopped here, while the other 100 served for carrying on the trade of Europe with the extreme East, and were ingulfed and disappeared in China and India. The Mexican or Peruvian current, which brought silver to Europe, left a part here, and then by a regular movement passed on to lose itself in the extreme East. Europe did not possess in sufficient degree the faculty of absorbing silver, while for gold this full power of absorption existed.

The gold which came to Europe remained here, while of the silver which came here, half was left here, and the other half disappeared in the extreme East.

Now, what has happened in these latter days? When it was seen that the supplies of silver were becoming more abundant, was any care taken to cause a more abundant absorption of the

silver thus arriving in excess? No, the opposite course was taken. Instead of spreading this silver over a wider area, the field over which it could extend itself has been more and more narrowed; yet, how then can any one be astonished that after having limited the use of silver in proportion as it became more plentiful, silver has lost, at least as an ingot, a considerable portion of the value it formerly possessed. This was sure to happen, naturally. No one has any right to be surprised at the consequences produced by this necessity, which was felt of closing the workshops to the mintage of silver, and of thus diminishing, by half, the market for the silver reaching us from producing countries.

Permit me to make a comparison. You have a reservoir of 1,000 cubic meters, it is full of water. If it suddenly received another 1,000 cubic meters of water, there is a deluge; that is evident. But if, instead of 1,000 cubic meters the reservoir had had 10,000, the level would have been raised a little; there would have been a slight temporary inundation, and there would have been an end of it. If the reservoir had had a million meters, the 1,000 meters you added would have been lost in the mass, and would have disappeared without apparent disturbance.

This is just the case with the production of silver, and in general of the precious metals relatively to the nations which receive them. If these nations are numerous, if their population is considerable, the silver or gold arriving every year to increase the stock will disappear in the mass. If, on the contrary, the nations and the population who accept these metals are yearly reduced in number; if the mass of silver or gold which is produced continues to be the same, the value of gold and silver will suffer a depreciation which may undoubtedly disappear later, if a change of circumstances should take place.

The civilized countries represent two large lakes, in which the mass of gold and of silver which the mines produce within a certain time loses itself; in the lake of gold the supplies which arrive in excess are distributed in more or less time, and for the needs of circulation, there has hitherto been no occasion for concern as to the disappearance of gold. As to silver, which now arrives in more considerable quantity, if it be desired that its lake should not overflow, it is necessary, so far from diminishing the coinage of silver, so far from diminishing the number of nations which accept silver as a monetary paying metal, it is necessary, I say, to augment the numbers of nations, to multiply the consum-

ers, and in this way to give greater room to the metal which arrives in greater quantity.

These considerations lead them to the maintenance of a ratio, which is, I will not say a natural ratio, but a ratio created by very legitimate circumstances, the ratio of 1 to $15\frac{1}{2}$ between gold and silver.

Why that ratio rather than any other? We are in the presence of three hypotheses: First, Gold monometallism; silver becomes merchandise; no fixed ratio between the two metals; second, Bimetallism with a new ratio to be fixed between silver and gold; third, bimetallism with the ratio of 15.5. Lay aside monometallism. If we adopt bimetallism we may consider gold and silver as having a ratio to be fixed, or as having a ratio already existing.

A ratio to be fixed, where would you find it? In the present position of the relative value of gold ingots and silver ingots? But this relative value is temporary, arbitrary, fictitious; it is solely the result of the fact that the consumption of silver has been cut off by a *coup d'état*. If the consumption of silver were restored, the ratio would change. I do not say that it would immediately become again 1 to $15\frac{1}{2}$, but it would not be at the point where it now is, and it would speedily approach $15\frac{1}{2}$. Would you take another ratio than that of 1 to $15\frac{1}{2}$? How difficult it would be to find a ratio satisfying at once historical traditions, present conditions, and future conditions? With the ratio of 1 to $15\frac{1}{2}$, historical traditions are respected, the difficulties of the present are removed, the conditions of the future are guaranteed; as to the difficulties of the present, which are transitory, they would disappear with the causes and circumstances which created them. It is quite certain you would find no embarrassment in restoring the ratio, which was chosen by France and accepted by the Latin Union, and have been adopted during a long space of time in other countries. From the standpoint of accomplished facts, its regularly established existence dates from nearly a century ago, while its origin is still more remote. It is based to-day upon an enormous metallic mass, which would have to be melted down and recoinced, if the ratio were abandoned. All these reasons authorize me to believe that the small difficulties which would be encountered in taking the ratio of 1 to $15\frac{1}{2}$ as the basis of new concurrent action, would be temporary difficulties, disappearing with the accomplishment of facts. It would at once give full satisfaction to the general interests of the world, and to the special interests of the nations engaged in the matter.

In the considerations which I have just had the honor of presenting to you, I regarded the civilized countries as representing two great lakes in which the gold and silver extracted from the mines came to discharge their respective streams, and I remarked that if the relative supply were different, the surfaces of the two lakes might be further and further from equality of level. A canal of communication between them was needed to maintain the equilibrium. The legal ratio of 1 to 15.5 has filled this office, and would continue to fill it, if all nations had adopted it. A proportional diminution in the product of the mines of the two metals causes the same fall in both reservoirs. If one should fail and the other be in excess, the communicating canal would offer exit to the metal in excess, and the level would be maintained undisturbed.

There is one point which has been neglected by me, viz: whether the value of the two money metals, which presents no natural fixed ratio has or has not a fixed relation to the labor, or to the merchandise which each of these metals is destined to represent or pay for.

Now, it is quite clear, I think, to every body, that the value of gold and silver is no more stable, relatively, to labor or to merchandise than is the relation between the metals themselves. There is no natural law which indicates that there will be constant relation between the price of wheat, for example, and the weight of gold, or of silver, which represent it in the market. These quantities vary with time. There is no natural law which says that the ratio between the weight of the gold and silver extracted from the bowels of the earth and put in circulation, will be always $15\frac{1}{2}$ to 1. There is no natural law for this, but there is a natural law which says that, when you deal with very large numbers, the slowness with which the metal which already exists in considerable mass, is affected by small additions, allows the alteration of value to move by degrees, which are insensible during a generation, or even further. That the ratio between gold and silver is sometimes necessarily variable, but varying, now in one direction, and now in another, that is certain. That, if we should take the production of these metals each year, in order to make it the rule of all the transactions of commerce in all countries, we should be liable to sudden variations, is not less certain. But when the new yield is once merged in the stock in general circulation, the small quantities being lost in the large, if the ratio varies, it varies only in insensible quantities every year.

If you regard the mass of a population, men and women, you per-

ceive that they are born in about equal numbers, but, at a particular time and in a particular village, girls only are born, for several years. This phenomenon is not observable when you take an entire department, much less when you take a nation. So, likewise, the ratio between the production of gold and silver, localized in small quantities and small proportions, may present varying results; but, when looked at after merging the small annual production in the quantity forming the aggregate stock of all nations put together, this slight difference in the ratio of each year's production entirely disappears; or, at least, but very slightly affects the general ratio, and tends to become insensible for individuals and for States.

It is, therefore, I repeat, in consequence of the magnitude of the number of consumers that the ratio, naturally variable between the yield of gold and of silver, must be considered as having, so to speak, a constant value. To say that that ratio should be invariable, is not possible. To say that, because the ratio varies, the legal ratio should annually, or, from time to time be changed, would, in my opinion, be very dangerous. But to say what seems to me verified by past history; that, though this ratio varies from year to year, though this ratio presents difficulties calculated temporarily to disquiet the public mind, yet, when the mass of silver and gold falling into the general circulation is so slight compared with the mass which receives it, the conclusion is that the ratio of the two masses remains almost permanent, at least practically, which is the only question we must have in view.

It is the more reasonable to look at the facts in this way, because, after all, when you come to consider, there are, in a population like that of countries now civilized, or accessible to commercial operations, nearly 100 millions of people to whom gold is necessary, and is the object of preference, whereas, there are 900 millions who prefer silver. You are, consequently, confronted by 1,000 millions of people on the globe, of whom nine-tenths find silver the metal best suited to them, while one-tenth prefer gold. A market for both metals is therefore possible and necessary; it is indispensable for commercial operations, and any one who should argue that silver can be dispensed with, when nine-tenths of the population prefer it, would seem to me to commit an economic blunder, with which I can have nothing to do. It is true, I have heard it said, not only here, but often elsewhere, that gold is the metal of privileged countries, countries whose civilization is advanced; that silver is the metal of backward countries, barbarous countries,

countries of inferior civilization. The yellow metal is noble; the white metal, plebeian.

I confess, I have never been struck with this reasoning; that I have never found it applicable to monetary facts. It has always seemed to me, that among the races of men there were some who preferred gold as ornament or money, and others who preferred silver. In all countries there are, in this respect, both civilized and barbarous people. Looking at France, for instance, there is no doubt that at Paris, Lyons, and in the large towns, there is a civilized portion of the population who like to handle gold, who, from time to time, require to pay a million, and who, having 100,000 or a million francs to pay, object to transporting a million in five-franc pieces. This is quite possible; but we have in France regions called Auvergne, Brittany, Cevennes, Lozère, in which there are, so far as this point is concerned, real barbarians, to whom gold coins seem things difficult to handle, and while five-franc pieces are, on the contrary, coins whose weight and value please them. People have not, every day, to pay bills of 100,000 francs, or a million, but they have every day to pay their butcher, baker, shoemaker, they have every day to do with a kind of money inferior to gold, if it is to be called inferior, for it is simply a money which fulfills its office, and which, in this respect, is not inferior to the other. It, therefore, seems to me quite natural to say that there is room in all countries for three kinds of money, gold money, silver money, bronze money. They each satisfy different requirements; they are each fitted for their office; and, because gold suits a portion of the population which is refined—civilized, if you like, but a little fastidious in its tastes, and lavish in its habits, the middle and lower part are therefore to be deprived of the means of exchange suited to them; that is reasoning in a manner which is entirely erroneous.

To say that there are nations entirely composed of people belonging to the higher portion of civilization, and others entirely composed of barbarians, is not the fact. There are civilized portions in all nations, there are portions in all nations which you call barbarian; every-where there are countries which are advanced; every-where there are countries which are backward; and I do not think there is any thing uncivil to France and England, for instance, in saying that Brittany, Auvergne, or Cantal, are not as civilized as Paris, and that Ireland or the Scotch Highlands have not inhabitants such as are found in the wealthy parts of England. Every country has, therefore, so

far as its habits in the matter of money are concerned—its barbarism, if you call that barbarism; every country has its civilization—or, let us say, each country has need of different kinds of money.

Now, I was consulted long ago, at a time when questions of this class did not attract much attention in my country; and when, having busied myself with them rather more than others, I had, from time to time, occasion to give opinions on matters which hitherto had appeared very obscure; I was consulted, I say, on this point; how much fractional money is required in France per head?

How much bronze money is required in France per head? Now, on recurring to the ideas I have just expressed, and, considering the documentary evidence on the subject, I arrived at the conclusion that two francs of bronze money were necessary per head, and six francs of silver fractional money.

I enunciated that opinion, and the then Minister of Finance took it into consideration; it served as a basis for the legislation of the country, and I have the satisfaction of seeing, after many years, that the six francs of silver fractional money have been neither too much nor too little, that the two francs of bronze money have also been neither excessive nor deficient. The circulation is satisfied by means of these two issues without embarrassment, without difficulty.

I was asked, at the same date, what was the proper circulation of gold and of silver having an international character, for the bronze coins and the fractional silver coins are domestic money.

I had estimated the quantity of gold or silver money suitable for all needs of the inhabitants of our country at an average of 100 francs per head. The relative amounts of gold and silver coin remained dependent on the chances of their mintage, which was free, and could be augmented or diminished, their equivalence in paying power being established.

Since then I have often been asked whether the formula I proposed at that time had been verified by facts. I am obliged to answer that nothing has occurred to disturb the proportion I believed myself able to establish in estimating at four milliards the quantities of gold and silver then existing in circulation in France for a population of about 40 millions, Algeria included.

I believe that that formula is still practical and sound. If it is practical and sound, and, if it were applied to Europe, to Asia, and to America—that is to say, to large populations—if it could be applied to all countries which might take part in a transaction of the kind which occupies us, you see, at once, how a market for

the precious metals, gold and silver, would be insured for a long time.

For my own part, I am quite certain that, whenever all the countries which have been hitherto obliged to retain the forced currency of paper, return to a metallic circulation, we should easily arrive at a similar employment of gold and silver, even if we assume that France loses her special taste ascribed to her for hoarding specie—a taste evinced, it is true, in various ways, and that she ceases to maintain 100 francs as the quantity of her stock of coin *per capita*.

Diminish it, reduce, if you like, to 60 francs *per capita*, the average figure which the various parts of the world might require for their population, there would still be room for the quantities of silver and gold which would present themselves, even assuming that the mines maintain the ample yield with which they have, of late years, favored us.

But here arises a last observation on this point: are you sure of maintaining, for the yield of gold and silver, the conditions which have, of late, been realized? Without wandering into scientific details, we may say that, as regards gold, the production is so intermittent that nobody can tell what it will be in ten years. The gold placers are nearly always exhausted in a very short time, even after having yielded large quantities of gold. Since the origin of civilization, gold countries have enriched their first owners, and then have ceased to produce, precisely because the sources of the gold were placers in which the metal had been accumulated by the phenomenon of its transport to them, and were not mines with regular lodes in their normal position. The extraction of gold is a thing which appears in one country, disappears, arises in another, again disappears, and so on. I have seen, in my youth, gold washers in the South of France, and, since the time of the Phœnicians, they had been extracting particles of gold from the rivers. To-day, in the same localities, I find men who earn in other ways twice as much as they earned by picking up gold in the river, and who have abandoned that industry. I do not cite this example as of much account compared with the great production of gold occurring in other parts of the world; but, still, it gives an exact picture of what has occurred there. When gold has given rise to the working of it, at the end of a short time the placer is exhausted, and the diggers are forced to quit the locality and go elsewhere. It is not so with silver. Silver is, in general, extracted by the regular ways of working the mines; there are regular lodes, sometimes of great importance by their thickness, at other times by their rich-

ness, and they generally present such conditions of working that it may be made regular, extended over long periods of time. When the question arises of choosing a standard which has a fixed value, is it not better to adopt silver in preference to gold? Is not silver a metal of more stable value, which, for ages, can maintain fixed relations between production and consumption? In gold we have a metal subject to continual fluctuations, exposed to unforeseen commercial combinations, which drive out gold, or accumulate it in a given country through proceedings which governments, and especially individuals in particular, are often incompetent to comprehend.

The conclusion I am led to draw from these observations is that there is very little reason for abandoning the principle of bimetallism, and the ratio of 1 to $15\frac{1}{2}$; that there are, on the contrary, many reasons for retaining the two metals in circulation with their full paying power, and that there are very cogent reasons for maintaining the ratio of 1 to $15\frac{1}{2}$, which has already been accepted in a great part of the world.

And now what are the inferences to be drawn from these general principles, assuming them to be admitted? Assuredly it is not for me, at my age, in the position I occupy, and far removed as I am from public affairs, to give practical advice. The difficulties are so great as to require from all the States interested in the question such thorough reflection that the question can not be solved in a day.

For fifty years I have seen the most prominent men differ in their opinions on monetary questions, and I am convinced that to form a decision in the matter is a difficult task for the best minds, especially as such decision, even when put forth by the most competent, will meet much opposition. It is necessary, therefore, within proper limits, to allow time to bring about the conversion of those who are interested.

But can not measures of immediate effect be adopted? If gold be a metal which is needed, for the reserves of great banks, for the great transactions of commerce, and for the habits of fashionable life, it is not less true that silver is indispensable for the ordinary uses of life, for the domestic needs of every family, for the everyday work of manufactures and of agriculture. If gold is coined in a country as the metal necessary for large transactions, why coin 10-franc and 5-franc pieces, or the like, in gold? It is a mistake. These 10-franc and 5-franc pieces should be left to their real destination—that is to say, to silver coinage. They belong to a medium

class of consumers, upon whose support they can rely, and whose wants they satisfy.

Another blunder we have committed is the manufacture of silver tokens—that is to say, small change silver of inferior fineness to that of 5-franc pieces. The service rendered by silver small change brings it, when it is of rather a high value, near the 5-franc piece. When it is of inferior value, it approximates to bronze. It should not compete with bronze by being made a token; it should not stand far apart from silver coin, properly so called, when it has a value, for instance, like that of the 2-franc piece. It is necessary, then, to do away with the 5 and 10-franc gold pieces, and to replace them by silver pieces; to do away with silver small change of inferior fineness, and to replace it by silver nine-tenths fine. If these two operations were effected, they would aid in restoring to silver the favor it seems, of late, to have lost. The assent of the people would show that the right path had been found.

Add to these measures, which are of a temporary nature, yet would have a permanent effect, another measure which so commends itself equally to attention; I mean the question of the charge for coining gold and silver. No doubt, when one looks at the recompense for the service performed for the owner of the ingot, it ought to be in proportion to the labor which he has exacted. Nothing is more legitimate than what has hitherto been done; but see how unfavorable to silver is this procedure of converting silver into specie as 5-franc pieces, and of converting gold into 20-franc pieces. The difference of expense is 1 to 3, and even more, against silver. It costs 7 francs 50 centimes for a kilogramme of gold; it costs 23 francs 50 centimes for making silver coins equivalent to a kilogramme of gold. Thus, every thing has latterly tended to place silver in an unfavorable situation, and more than one of these discriminations might be redressed by simple measures of internal regulation in each State. If these internal measures were adopted, they would have the advantage of showing the public that a definitive solution was in preparation, and they might lead opinion to express itself in favor of that definitive solution.

A word more. There are four interests in the question before us. There is, first, the State; there are the State banks; there is free commerce; lastly, there are the consumers. I have known the time when the State shut its eyes to monetary matters, when the State banks paid no attention to them, and when the consumers naturally looked on all these matters as foreign to them. Who did, then, pay attention to them? It was free commerce; it was the

banker who took silver in our country and sent it elsewhere, where there was a premium to be gained, and who took gold in its turn and sent it where he could make a profit out of it. The principle of these operations passed unnoticed by three of the four parties interested, the State, the State banks, the consumers, and received the attention of only one class of persons—certain bankers who were accustomed to trade in gold and silver on a large scale. The time for this has passed; the State has seen the danger to itself of letting such events pass by without its interference. The State banks have now perceived that the Bank of England offered an example which other countries would do well to imitate. Lastly, the general education of the country is such that the consumers themselves have found enlightened representatives of their interests. To-day, when one puts forth his advice, supported by proofs, he will find appreciation of it in the State which feels itself affected, in the State banks who know that they are interested, in the consumers, whose eyes are now opened, and who begin to understand that it is not immaterial to them whether the price of their merchandise varies without apparent cause, whether silver is 200 francs a kilog. at the time they buy it to pay for their raw material, and 160 francs at the time they receive silver in payment.

The State, free commerce, the producer, the consumer, are aware that these are questions in which their interests are very closely engaged. The time has come, then, to ask a solution; not from free commerce; free commerce will always claim its liberty, it will wish to be able to send its ingots in one direction or another. This is business, and we can not require it to look at business in any other way. Not from consumers, that is to say, from persons for whom these matters have not a sufficiently profound interest, but from the State banks. With the broad and enlightened spirit which their directors bring to the affairs intrusted to them, if they should assist in the efforts of the various States upon which they depend, they would make a beginning in the solution of the matter. The State alone, I fear, with all respect for the convictions of my honorable colleague, Mr. Cernuschi, is not sufficiently adroit to conduct such operations alone. But when the State has the great banks on its side, which are bound to the State by contracts, and by common interests; when the State and these great banks have agreed on adopting a certain principle for the coinage, and to temper the application by intelligent management, free commerce will be controlled, and satisfaction will be given to consumers, whose interests should be guaranteed.

To recapitulate: there are in all countries hills and plains: as to the hills I have no concern about them; they demand gold, let us give them the satisfaction of handling handfuls of it if they will or can, they will always find their interests satisfied. What touch and interest me are the plains, extensive, covered with an abundant population—a population which labors, lives on little, can be poor, can be frugal, and has need of a money suited to it. It is for its sake that I demand the maintenance of that silver money, legal tender within, international without, which I consider not only as the money of the middle class in its daily needs, but of the artisan, of the laborer, of the part of the nation the most interesting, the most considerable, and the most worthy of interest. For its sake, I repeat, I dread to see silver disappear, to see it lose its paying power, pass to a degraded state in public opinion, because everything in that direction will be a suffering for it, without being an enjoyment for the elevated part of the population, so often spoken of as representing civilization, culture, wealth, power. No, the wealth of a country, its importance, its power, are not on the summits; they have their home below, also, in that population that labors, that produces, that saves, and for which gold is so often a chimera, and silver the daily bread and the safeguard for the morrow.

MR. SCHRAUT, Delegate of Germany, read the following address:

Mr. President, and Gentlemen—After the discourse we have just listened to from our illustrious colleague, Mr. Dumas, allow me to say a few words on the way in which I look personally at the third interrogatory.

I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio, in a certain group of States, would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant. Accidental perturbations would be the less to be feared if we succeeded in guaranteeing the mints against an unforeseen and extraordinary influx of the white metal. The best means, in my opinion, of arriving at this object, would be to make the use of silver general in all countries, as remarked by several of our honorable colleagues in the course of our first sessions.

A first step would be taken in this path if all the States which have issued paper money notes below 20 francs would call them in, and replace them by silver money. I reckon among these States not only the States with forced currency paper money, but also the

United States of America, which have issued a considerable quantity of one and two-dollar notes. It would also be expedient, as our illustrious colleague, Mr. Dumas, has shown, to do away with the small gold coins, and to replace them by silver, the consumption of which would be augmented in direct proportion to the withdrawal of small notes and of small gold coins. We should thus arrive at keeping the fluctuations of the price of the white metal within narrow limits.

THE PRESIDENT announced that Mr. Fremantle, the British Delegate, deferred till the next session the communication he had expected to be able to make to the Conference at to-day's meeting.

COUNT RUSCONI, Delegate of Italy, reserved his right of speaking after the communication announced by the Delegate of Great Britain had been made to the Conference.

MR. BROCH, Delegate of Norway, desired to say only one word to express his concurrence, in great part, with the remarks of Mr. Dumas. But he desired to call attention to the fact that the proposals submitted by his illustrious colleague differed, in his opinion, from those formulated by Mr. Cernuschi.

The theory of Mr. Dumas tends to restrict the coinage of silver, and not to authorize the free and unlimited coinage of that metal. The State and the State banks would undertake to supply the requirements of commerce, and to the degree which should be deemed necessary. Now this system would have a great chance of success; it was the very system already adopted by a certain number of States.

Mr. Dumas, moreover, thought, as Mr. Broch had himself pointed out in a previous session, that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces should no longer be coined, in order that the use of silver might be proportionally increased. This, again, was a point on which the monometallists agreed with him, just as they were unanimously in favor of retaining the use of the three metals. But what they could not accept was the unlimited coinage of silver. Left to State banks or to governments, the coinage of silver would inspire no disquietude, because governments and State banks would not abuse the faculty allowed them. But this system could not be confused with bimetallism as understood by the honorable Mr. Cernuschi.

MR. DUMAS recalled that in the course of negotiations carried on

a few years ago, between Austria and the States of the Latin Union, he proposed, and had nearly witnessed the adoption of a 25-franc gold piece which was to serve for international use, and which representing, as it did, 5 dollars, 10 florins, or a sovereign, seemed likely to be favorably received by the public, and destined to render very useful service.

MR. CERNUSCHI, Delegate of France, before submitting a document which he had to present, wished to make some observations on what had been said in the course of the session. All the measures recommended to the Conference were only half measures; they looked only at small sides of the question, and, consequently, could serve for nothing. If certain small gold coins were abolished the evil would be none the less great. England, said Mr. Cernuschi, is under that system. She has no 5-shilling gold coins, and but very few half-sovereigns. She coins, on a larger scale than elsewhere, small silver change, which, for that matter, people accept and use in all their daily transactions, and which they pay out without concerning themselves with its weight or fineness. This silver money, which passes like gold in internal transactions, what value has it from an international stand point? No value at all.

The internationality of silver, at $15\frac{1}{2}$, is the point to be arrived at. Without internationality nothing is effected. What matters it whether silver rises to 59*d.* or falls to 40*d.*, if, Europeans and Americans, we continue unable to coin this metal freely, and are unable to use it in paying each other? Even if the little combinations recommended brought us back to the rate of 59*d.*, this would be a thing to be regretted, because the general conversion to bimetallism would be proportionally delayed. We must have all or nothing.

Mr. Cernuschi read the reply of the French Government to the questions put by Mr. Lardy, Delegate of Switzerland, at the session of the 10th May, on the industrial use of the precious metals. He remarked that the value assigned, in this note, to silver ingots, was necessarily erroneous, it being estimated at the ratio of 1 to $15\frac{1}{2}$, which had ceased to be the fact.

He could not, moreover, omit calling attention to this strange position of the partisans of gold, who, perplexed and uneasy, were forced to institute inquiries to ascertain whether there was not too great a consumption, for industrial purposes, of this precious metal on which they made their whole economic life depend. Bimetallists had none of these perplexities, disquietudes, and troubles. What was produced or what was consumed, of either metal, was

immaterial to them. For them there was but a single monetary mass, composed of all the gold and silver which the age had accumulated. Whatever was consumed in the year, of either metal, reduced, by so much, the increase of stock from the annual yield. That was all. Bimetallists were not disturbed on that score. Just as the relative value, established by law, was not influenced by the production, no more was it by the consumption of either metal. Here was certainly an unquestionable superiority of bimetallism.

The note presented by Mr. Cernuschi was ordered to be inserted at the end of the Minutes.¹

MR. DUMAS was anxious to point out that this note did not include the use of precious metals in galvanized plating or photography, a use which, especially as to silver, had been very largely extended of late years, and would still go on increasing.

MR. LARDY, Delegate of Switzerland, thanked Mr. Cernuschi and the authorities of the French Mint for the interesting return just presented, on the industrial consumption of the precious metals. He should await the printing of the similar documents already submitted by the Delegates of Austro-Hungary, Great Britain, and Norway, before entering on the consideration of the conclusions to be drawn from these returns. The work of the Conference was, moreover, sufficiently advanced for that examination to be left to the Governments rather than to the Delegates. He confined himself to recalling that, in asking for an investigation of the question of the industrial use of the precious metals, he had no preconceived idea. In proportion as the industrial consumption of gold was very considerable, compared with the production of that metal, the results of the inquiry might imply the necessity of advancing, with great moderation, on the path of the adoption of the single gold standard. This fact was unfavorable to the monometallic thesis, but proved, at the same time, that, in a given country, industrial demands might occur calculated to modify the relative value of the precious metals, which fact again impaired the bimetallic thesis that "law alone creates the value of money." Switzerland, whose jewelry and watch-making industries were much developed, had had, at various times, to suffer, in a monetary point of view, from the demands of industry. She was obliged, about 1860, to reduce to eight-tenths the fineness of her silver coins, which had been going straight from the mint into the cruci-

¹ Exhibit A., p. 469.

ble of the watchmakers. At the present moment, one might be certain that 5-franc pieces were no longer melted down to make silver watches, but the gold coins manufactured by Switzerland would not fail to be put into the scales, and all above the legal weight melted down.

MR. PIERSON, Delegate of the Netherlands, thought it would be very advantageous that the various Governments represented at the Conference should be enlightened as to their reciprocal intentions. With this view, in obedience to the instructions of his Government, he communicated to the Conference the following declaration :

DECLARATION OF THE DELEGATES OF THE NETHERLANDS.

The Government of the Netherlands is of opinion, like several members of this Conference, that the fall of silver and its great oscillations of value are a great evil.

It also thinks that the simultaneous and unreserved adoption of the double standard by all the great States of Europe and America, would be the true means of remedying that evil.

It would scarcely hesitate, therefore, to propose to the States General, the re-establishment of the unlimited coinage of silver, at present prohibited, both for our country and for all its colonies, as soon as the double-standard system should have been adopted over an area as vast as that which we have just indicated.

But our Government would not engage to act thus, if that system be established only over a more restricted area. As long as it is ignorant what guarantees would be given for fixing, as far as possible, the ratio of value between the two metals, what States would adopt the bimetallic system, and what concessions would be made by the other States for facilitating its success, it is impossible to judge of the advantages and inconveniences there would be for the Netherlands and its colonies in re-establishing the unlimited coinage of silver, even maintaining the legal ratio between that metal and gold, which is now not $15\frac{1}{2}$ but $15\frac{5}{8}$.

While, however, reserving its entire liberty, the Government of the Netherlands does not peremptorily reject any project of establishing the double-standard system in an area comprising only several great States of Europe and America. Such a project, if proposed at the Conference, would doubtless be taken into very serious consideration by the Netherlands.

This Declaration was ordered to be inserted in the Minutes.

MR. EVARTS tendered the apology of Mr. Howe, whom the state of health of Mrs. Howe had forced to leave Paris and start for the United States.

THE PRESIDENT begged Mr. Evarts to convey to Mr. Howe the expression of the warm regard of all the members of the Conference, as also the expression of their good wishes.

The discussion of the *Questionnaire* was adjourned to Wednesday, 6th July, at 1 P. M.

The Session concluded at 3 P. M.

EXHIBIT TO THE ELEVENTH SESSION.

EXHIBIT A.

(Presented by MR. CERNUSCHI, page 465.)

RESPONSE OF THE FRENCH GOVERNMENT TO THE QUESTIONS FORMULATED BY MR. LARDY, DELEGATE OF SWITZERLAND, IN THE SESSION OF 10TH MAY (page 114).

1st. What is the importance of the industrial use of the precious metals, and, notably, of gold?

R. Independently of coinage, gold and silver are employed in manufactures in the following uses:

Watchmaking,	Furniture,
Jewelry and trinkets,	Cloth,
Galvano-plating,	Sculpture,
Photography,	Arms.
Decoration,	

Of all these uses, the only ones with regard to which the Government has information, are those connected with watchmaking, jewelry, and trinkets. The consumption of gold and silver in these industries is considered to be most important of all.

	<i>Kilograms.</i>	<i>Francs.</i>
The amount of gold employed for these purposes annually is estimated at.....	14,000	.....
It may be assumed that the average of this metal is 740 fine, or worth in round numbers.....	.....	35,600,000
It is admitted that quite a large proportion of the metal which is manufactured escapes registration through fraud—one-third, one-fourth, or one-fifth. Say one-fifth.....	<i>Kil</i> 2,800	7,100,000
The coinage of medals absorbs about.....	100	
At .916 fine.....	.....	314,000

Total.....43,014,000
(469)

The preceding figures have been established by the official statement of the manufacture; and they have, therefore, great statistical value.

The amount of silver employed in manufacturing, for the same purposes are respectively:

	<i>Franks.</i>
Watchmaking, 80,000 kilog, at an average .940 fine.....	16,585,600
Manufacture of medals, 2,379 kilog, at an average of .950 fine,	442,120
	17,027,270 ¹
	 <i>Franks.</i>
In gold.....	43,014,000
In silver.....	17,027,720
	60,041,720

Or, in round numbers, 60 million francs.

2d. Is it possible better to insure the repression of counterfeit coining?

R. In France counterfeit coining is generally limited to the melting, stamping, and furring of silver pieces, and offers no serious dangers. These imitations are almost always crude, and are easily detected by reason of the blurred look of the engraving, of the imperfect edges, the lack of ring to the metal, and especially of their lightness. This latter circumstance of itself is enough to insure the detection of false coins and to arrest their issue.

It is probable that, on account of the ease with which the work can be done by a man working alone, and with any simple machinery, this kind of counterfeiting, which has always been practiced, will continue to show itself in spite of all precautions.

On the contrary, the counterfeiting of gold pieces by using alloyed platina, which is resorted to especially in Spain, is really a cause of alarm. The density of alloyed platina approaches that of gold. Besides this, the counterfeiters have at their disposition material perfectly adapted for either reproducing the imprint, or for the milling of the edges.

Another kind of fraud, which of late has acquired a certain importance, consists in washing gold coins in acids. This operation can be carried so far as to remove from a 20-franc piece as much as a gramme of its weight, without producing an alteration in the imprint which is obvious to the naked eye.

As far as the counterfeiting with platina is concerned, a plan has been suggested of having this metal subjected to registration, so that the uses made of it can be known, and its movements followed. This measure would be the more efficacious according as it should be adopted by a greater number of States. As for washing in acids, the use of the scales appears to be a good defense, coupled with the right given to the public to cut or deface, on its own responsibility, pieces which have been reduced in weight.

(1) Value calculated at the old legal ratio of 15½ to 1.

TWELFTH SESSION.

TWELFTH SESSION.

WEDNESDAY, *July 6*, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British-India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden,
Norway,
Switzerland,
The United States of America, and of
France,

who attended the previous meeting; and Mr. Pirmez, Delegate of Belgium, who had arrived that day from Brussels.

The Session was opened at 1.45 P. M.

The Minutes of the Session of July 4, 1881 were read and adopted.

MR. SEISMIT-DODA, chief Delegate of Italy, asked leave to make a Declaration to the Conference in the name of his Government.

He had hoped that, during the interval of more than 40 days which had elapsed between the 8th and 9th Sessions, decisions would have been reached, and that on the return of the Delegates, and before a fresh separation, decisive resolutions might be adopted. Without wishing to prejudge the result of the present Session, and without awaiting the Declaration to be made by the Delegate of Great Britain at to-day's meeting, the chief Delegate of Italy was anxious to state what his Government, after the first discussions of the Conference, was inclined to accept. Notwithstanding some dangers she would, perhaps, have to encounter, Italy was prepared to enter upon the path of free and unlimited coinage of silver, provided Germany and England would unreservedly engage themselves to enter upon it also.

It was now more than doubtful whether these two Powers would agree to take such a step. It was, therefore, proper to declare before the world that on them alone must fall the responsibility of the consequences which, the Conference being dissolved, might result from any future depreciation of silver.

MR. SEISMIT-DODA, on behalf of his Government, could only read the following Declaration, which he was anxious to make known before the Delegate of Great Britain had read his own, so as clearly to show that it was entirely independent of it.

DECLARATION OF THE CHIEF DELEGATE OF ITALY.

The Italian Government would be disposed to enter into a league, of various States, to agree on the limited coinage of silver on the following conditions:—

1. The Government of the German Empire should engage to suspend the sale of its silver for a term of at least five years, and to replace by silver money the gold five-mark pieces and its Imperial Treasury notes, and it should also admit for silver coins, or at least for those of five and two marks, the ratio of 1 to $15\frac{1}{2}$, conferring on the silver thus coined the full paying power at present possessed by the thalers.

2. Her Britannic Majesty's Government should enter into an engagement with the other States to increase the paying power of its silver crowns.

If these conditions were accepted by Germany and England, Italy might agree with the other States of the Latin Union, and with the United States of America, in resuming the limited coinage of silver for a term which should not exceed that fixed for the suspension of the sale of silver by the German Empire.

The quota of each State in the coinage of silver should be based on a proportion to be established relatively to the population of the States. This quota would be binding on each State as a minimum, and each State might exceed it on fixing the rules and special guarantees for a limited mintage, to which individuals and banks of issue should be admitted.

Italy could in no case enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, did not unreservedly adhere to it.

MR. CERNUSCHI, Delegate of France, asked leave to speak on the Declaration just made by the Chief Delegate of Italy.

THE PRESIDENT did not think he could allow a discussion on this Declaration of the Italian Government.

Official notice was taken of the Declaration, and it was ordered to be inserted in the Journal.

MR. FREMANTLE, Delegate of Great Britain, presented the reply made by the Bank of England on being consulted, according to the wish of the Conference, on the monetary question.

This document was ordered to be published at the end of the present Minutes.¹

MR. FREMANTLE next read the following Declaration:

DECLARATION OF THE DELEGATE OF GREAT BRITAIN.

In pursuance of the announcement made to the Conference at last Saturday's Session, I have the honor of making the following communication on behalf of my Government:

The United States Minister at London, after a conversation with Her Majesty's Secretary of State for Foreign Affairs, having expressed an opinion that it would be possible to arrive at an agreement between the other Powers on the monetary question, if (*inter alia*) the Bank of England should agree to exercise the option allowed it by the Bank Charter Act of 1844 (7 and 8 Vict. c. 32, ss. 2 and 3), and if the Treasury would put a question to that effect to the Bank Directors, Lord Granville applied to that department, and through that medium obtained a reply from the Bank Directors.

¹See Exhibit A, p. 485.

In this reply the Bank declares its readiness to exercise the above-mentioned option, on condition of the mints of other nations reverting to the observance of rules insuring the exchange of gold for silver, and of silver for gold, at a legal rate.

Her Majesty's Government, having subsequently learned that Mr. Lowell's action was in no way the result of instructions from his Government, did not deem it proper to follow up the Declaration of the Bank of England by communicating it to the Conference through its Delegate.

A similar proposal having, however, within the last few days, been submitted by His Majesty the King of Italy's Ambassador at London, on behalf of his Government, Her Britannic Majesty's Government has promptly given it the respectful reception it will always accord to the representative of one of the great powers of Europe.

I have, therefore, the honor of laying on the table of the Conference the very words used by the Bank of England in the above-mentioned communication:—

“The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one fourth of the gold held by the bank in the issue department.

“The purchase of gold bullion is obligatory and unlimited, the purchase of silver bullion is discretionary and limited, the distinction being enforced by the necessity of paying all notes in gold on demand.

“The re-appearance of silver bullion as an asset in the issue department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the mints of other countries to such rules as would insure the certainty of conversion of gold into silver, and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold, and the charge for mintage, may both or either of them be varied, and yet leave unimpaired the facility of exchange, which would be indispensable to the resumption of silver purchases by a bank of issue whose responsibilities are contracted in gold.

“Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve the risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold, on demand.

“The Bank Court see no reason why an assurance should not be

conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, would be always open to the purchase of silver under the conditions above described."

COUNT RUSCONI, Delegate of Italy, next spoke in these terms:—

Mr. President—I rise for the purpose of putting a few questions which it seems to me necessary to solve before we separate.

The rehabilitation of silver is desired; that is the desire expressed by all the Delegates; but do we wish to rehabilitate the silver ingot, the merchandise silver, or silver designed for conversion into money?

There is a distinction here which it appears to me necessary to point out.

The merchandise silver restored, or rehabilitated, would leave the question, as has been remarked, at the very point where it was; the situation would not be altered by the ingot selling at 100*d.* or 80*d.*

If, on the contrary, it is a question of silver to be converted into money, it is necessary, first of all, to establish whether there can be a money in the real signification of the word, the metal composing which has not unlimited coinage, any more than unlimited paying power.

Restrictions and reservations on this point stand for nothing; there is no middle course between to be and not to be.

If this be the sense in which we mean to rehabilitate silver, it remains to be seen whether the Conference thinks a Bimetallic Union between a group of States, between, for instance, America, the Latin Union, the Netherlands, Spain, etc., would suffice to obviate all the dangers which the monometallic States might create a fear of.

At the last Session of our meeting in May, I had the honor of drawing the attention of the Conference to the definition of money, which might, in my view, facilitate our future discussions, and to which our honorable colleague, Mr. Pirmez, was good enough to reply. "Yes," he told me, "money is a merchandise, but a merchandise weighed and verified by the State."

Let us, for a moment, accept his definition, and see whether, even considering money as a merchandise, dangers would be incurred by adopting the double standard.

What is the danger, according to monometallists, and according to their definition? It is, that money, being a merchandise, would be liable, as such, to all the fluctuations of supply and demand,

and, therefore, the fixing of a ratio would be impossible, and, above all, we should incur the risks of a supply which should exceed the demand.

But how can such an eventuality be assumed to be likely, when the taxes alone paid to the State make so large and sure a demand? How could the demand be lacking, when it is already fixed *à priori*? And would not taxes alone give a margin large enough so that no danger need be feared?

As to the supply, can any body imagine that it would not be proportioned to the demand? If not, would it not be as if a country had no means of paying its taxes? Now, the demand once certain, just as the supply is certain, what danger, even viewing silver as a merchandise, can there be in making it, like gold, a measure of value?

Whether, therefore, money be viewed as a merchandise, or, as what it really is, viz., a pure and simple creation of law, no danger appears to arise in trying, once for all, to make silver again money as it always has been.

The crisis, this unhappy crisis, which we are going through, has already lasted too long; it can not last much longer; there are questions which you may refrain from raising, but which, once raised, must be solved, and this is one of them. It is on this account that I ask the Conference, before separating, to consider a few questions which I have the honor of submitting to it.

What, indeed, would be the result of this *status quo*, were it to last some time longer? The States possessing silver would be forced to repeat the experiment of Germany, and sell it, not by reason of their being converted to monometallism, but in order to get rid of a commodity which had become useless. And, if France, for instance, who has 1,200 millions of crowns in her bank, decided on utilizing this dead mass in some way, and offered 500 or 600 millions for sale; if America, repealing her Bland Bill, entirely stopped the coinage of silver, how would the monometallic States face this immense mass of white metal (let us add Germany's 600 or 700 million of thalers), which would hang over them like Damocles' sword? Yet, would not these silver States, driven to extremities, as they would be, have a right to come to such a resolution?

The danger is, therefore, great for all, and can not be warded off by a Platonic Declaration like that of 1878. The Conference must make some declaration on these questions. A good definition would alone take us a step forward, and urge us to follow up the road still to be traversed. To refrain, to evade these questions, to

separate without saying any thing on this subject, would not seem to respond, I say it with all possible respect and deference, to the legitimate expectations excited throughout the world by our meeting.

Before separating, therefore, I should like the Conference to reply to these simple questions:

1. Is there enough gold for carrying on all the business and all the transactions of the world?

2. In view of the necessity of another money besides gold, can that money be other than silver?

3. Are unlimited coinage and unlimited paying power indispensable conditions for forming money?

4. Is the essence of money in any way affected by the production of the mines?

5. Does the consideration of the price of the metal composing it stand for any thing in the question of money?

6. Would the suspension of the sale of silver, or a greater use of that metal, if they can contribute to raise its price, be sufficient to justify a re-opening of the mints to the coinage of silver?

Such, in my opinion, are the six questions on which something should be said before declaring the Session closed.

MR. PIERSON, Delegate of the Netherlands, asked and obtained leave to speak, and expressed himself in these terms:

Gentlemen—The communication of the honorable Mr. Fremantle is of the highest importance, but especially from a standpoint to which I wish to call your attention.

We learn that the Bank of England, at the instance of the British Government, engages to act upon a clause in the law of 1844, empowering it to have one-fifth of its metallic reserve in silver. This engagement, however, is not unqualified. The bank is inclined to act in this way, on condition only of a bimetallic league being formed, embracing several great States.

We find the same reservation in Sir Louis Mallet's speech of the 17th May: "For a certain period," our honorable colleague then told us, "the Indian Government will undertake to maintain its existing system of the free coinage of silver, but only on condition that a certain number of the principal States of the world undertake, on their part, to maintain, for the same period, the free coinage of silver, with full paying power in the ratio to gold of $15\frac{1}{2}$ to 1."

Why this reservation? Why is not the Bank of England dis-

posed to buy silver ingots, unless under the particular circumstances here indicated? Why does not the Government urge the bank to adopt that measure on some other ground than the formation of a bimetallic league? You will tell me, gentlemen, that the question is naïve, and I admit it. How can we expect the bank to buy silver as long as that metal is treated throughout Europe as proscribed, as a pariah? It might as well buy sugar, cotton, whatever it pleases; for all merchandise is convertible into gold, silver no more than the rest. For that metal to enter, in a regular way, into the metallic stock of the bank, its value must be steady, and this result can never be obtained except by the means indicated.

I repeat, the British Government is right; but, observe, gentlemen, what an important Declaration it has just made to us from the theoretical standpoint. The great question which divides us is this: will the adoption of the double standard by a large number of States have the effect of rendering the price of silver stable as expressed in gold? We say, "Yes;" our opponents say, "No, the effect of a bimetallic league will never be such; your principle is unsound; you are going against the nature of things; the ratio of value between gold and silver is regulated by causes with which law has scarcely any thing to do." Now, here is the British Government coming and placing itself on our side, inasmuch as it approves of the bank taking a measure, which, I say this on the strength of experience gained in a practical career, would be the greatest absurdity, would be most prejudicial to the interest of the bank's own share-holders, unless the adoption of the double standard had the effect of making the price of silver stable. People emphatically told us "you are wrong," but they come and make us a Declaration which implies "you are right." They even go further than several of us, for it is well known that certain bimetalists refuse to acknowledge that their system would work well as long as England forms no part of the Bimetallic Union. The English Government and the bank are not of this opinion. They believe that a merely partial league will have the desired result.

This, then, is what I would say to England: you are friendly, but you are not logical. If you really believe that the double standard system can make the price of silver stable, why do you refuse us your co-operation? If you accord it, the present situation would immediately change from top to bottom. The Netherlands, as is seen by the Declaration I have made, would scarcely hesitate to adopt bimetallism. France, the United States, and Italy, would be quite disposed to do the same; in short, a union

would very soon be formed, comprising the most important commercial countries, and I can not believe that Germany would refuse to form part of it. You have but to utter a word, and the thing is done. Others are hesitating only because they are afraid of failing without you. Look, moreover, at the probable, or, at least, possible, effects of your refusal. The limping-standard countries can not permanently maintain that system, which is contrary to the simplest, the most elementary, rule, viz., that the legal value of money should not be above its value as metal. The United States will go on coining silver; they will adopt the single gold standard.

Italy will do the same, as, also, Austria, as soon as she emerges from forced currency. Do you realize what all this means? It means fall of silver, your Indian money, and rise of gold, your home money. It means entire derangement of prices, monetary confusion, commercial chaos. We are told, in the end, order will be re-established. Indeed, order always ends by being re-established, but, is this a reason for not fearing revolutions?

There is an English national song, which begins thus: "Britannia rules the Waves." To rule the waves, is a thing of the past; it is no longer permitted to any nation to do this. But there is something far grander—it is to rule men's minds; to take the lead in a great movement. You did this, by being the first to adopt the free-trade system; crown your work by perfecting the instruments of trade. The situation is serious. On you it depends whether the evil assumes enormous proportions, or is entirely removed.

THE PRESIDENT proposed that the Conference should adjourn to an early day.

After the important Declarations of Italy and England, just communicated to the Conference, it was necessary for the Delegates to have the text of them under their eyes at the earliest moment, and to weigh their bearing upon the ulterior resolutions they might be led to take. For this purpose, the two declarations of the chief Delegate of Italy and the Delegate of Great Britain would be immediately printed and distributed.

In the second place, the President thought it would be well to decide at the next meeting on the temporary or final suspension of the Sessions of the Conference. After such full debates—after such profound discussions which governments and *savants* had watched with the warmest interest—it was difficult for fresh

speeches to throw further light on the question, or to give the deliberations additional *eclat*. It, therefore, seemed opportune to decide either on the closing, or on the adjournment, of the Conference. Such would be the twofold object of the next meeting, which might be fixed for Friday, July 8th.

MR. SEISMIT-DODA urged that if a discussion of the Declarations was to take place at the next Session, that discussion should bear not only on the Declarations of Great Britain and Italy, but also on those of the Netherlands and Germany.

The text of these four Declarations should, therefore, be simultaneously distributed to all the members of the Conference.

THE PRESIDENT remarked that he had had no idea of submitting the Declarations to a discussion. In directing the prompt printing and distribution of these documents, he had merely wished to enable the members of the Conference fully to comprehend the bearing of these communications.

MR. PIRMEZ, Delegate of Belgium, asked that the next meeting should be fixed for the day following.

After an exchange of observations between Mr. Cernuschi, Mr. Evarts, Mr. Pirmez, and the President, the Conference decided that the next meeting should be held on Friday, July 8, 1881, at 1 p. m.

MR. CERNUSCHI presented a note respecting the coining of silver on the account of individuals, and the draft of an international monetary treaty, drawn up by him, before the meeting of the Conference.

These documents were ordered to be annexed to the Journal.¹

MR. FORSELL, Delegate of Sweden, presented the replies of his Government to the questions put by Mr. Broch as to the coinage of gold and silver money in Sweden from 1857 to 1880,² and by Mr. Lardy, as to the industrial use of the precious metals.³ He took this opportunity of informing the Conference that the Swedish promoter of the bimetallic system, alluded to by Mr. Cernuschi in his speech at the Sixth Session, was not the Governor of the Bank of Sweden, but the director of a private mortgage bank.

¹ See Exhibits B. and C., p. 486-7.

² Exhibit D., 1, p. 491.

³ Exhibit D., 2 and 3, p. 492-3.

MR. LARDY presented some notes on the industrial use of gold in Switzerland.¹

MR. DANA HORTON, Delegate of the United States, presented a note, touching certain questions suggested by Count Rusconi, concerning the value of money.²

The Session closed at three o'clock.

¹ Exhibit E., p. 494.

² Exhibit F., p. 496.

EXHIBITS TO THE TWELFTH SESSION.

EXHIBIT A.

(Presented by MR. FREMANTLE, page 482.)

LETTER OF THE GOVERNOR OF THE BANK OF ENGLAND TO LORD
FREDERICK CAVENDISH, M. P., SECRETARY OF THE TREASURY.

Bank of England, June 30, 1881.

My Lord—We have to acknowledge the receipt of your letter of the 27th June, in which, by desire of the Lords Commissioners of her Majesty's Treasury, you inform us that Mr. Fremantle has formally submitted to their Lordships the following resolution, which has been adopted by the International Monetary Conference assembled at Paris:

“La Conférence exprime le désir que les Gouvernements des différents États représentés dans son sein veuillent bien demander l'avis des principales banques d'émission de chaque pays sur la question monétaire et lui donner communication de leurs réponses.”

Having laid your letter before the Court, we have to inform you that it was felt that “the monetary question” discussed at the Conference, being one partly of abstract science and partly of political application, did not form a legitimate subject for their discussion, or for the delivery of the judgment of the bank in its corporate capacity.

Under these circumstances, we have to express our regret at our inability to comply with the request of the Conference by placing on record the opinion of the Bank of England, in the sense which was apparently present to the minds of the members of it when they passed the resolution. We have, etc.

(Signed)

H. K. GRENFELL.

JOHN S. GILLIAT.

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EXHIBIT B.

(Presented by MR. CERNUSCHI, page 482.)

1. STATEMENT OF THE MINT CERTIFICATES DELIVERED TO PRIVATE INDIVIDUALS IN EXCHANGE FOR INGOTS, FOREIGN COIN, AND OTHER SILVER BULLION DELIVERED BY THEM AT THE MINTS OF PARIS AND BORDEAUX ON AND AFTER 1st JANUARY, 1874.

YEARS.	PARIS.				BORDEAUX.				PARIS AND BORDEAUX.				
	Ingots.	Foreign Coin.		Plate.	TOTAL.	Ingots.	Foreign Coin.			Silver Plate.	TOTAL.		
		Fr.	c.				Fr.	c.				Fr.	c.
1874.....	36,295,109 35	Fr.	c.	236,868 92	Fr.	c.	17,150,950 28	Fr.	c.	17,150,950 28	Fr.	c.	53,727,219 62
1875.....	*45,497,098 04	44,291 07		563,396 03	48,249,788 96	10,444,752 71		10,444,752 71			10,444,752 71		58,694,541 67
1876.....	22,475,279 68	2,189,294 89		137,011 61	23,672,543 99	8,503,128 82		8,503,128 82			8,503,128 82		32,175,672 81
	104,267,487 07	3,293,838 66		937,276 56	108,498,602 29	36,098,731 81		36,098,831 81			36,098,831 81		144,597,434 10

*40,946,947 francs, coined on account of the Treasury, are not included in this Statement. See Exhibit F. of the 9th Session.

The late legislation of the German Empire produced, after 1873, a great afflux of silver in Belgium and France. The French Mints which, in 1872, had received less than a million of francs worth of silver to coin, received 173 millions worth of it in 1873.

A Ministerial Order, of the 6th September, 1873, directed that the mintage of silver five-franc pieces should henceforth be restricted to 200,000 francs per day in Paris, and 80,000 francs a day in Bordeaux. By a second Order (19th November, 1873), the mintage was limited to 100,000 francs a day in Paris, and 50,000 a day in Bordeaux; and by a third Order (28th May, 1874), it was settled that, on and after 1st January, 1875, there should be accepted of silver for coinage no more than 75,000 francs a day at Paris, and 25,000 francs a day at Bordeaux.

The system of limited coinage of silver, with a contingent for each State, was inaugurated in the Latin Union by the Treaty of 31st January, 1874, and has been in force since then.

Although limited by the Ministerial Orders, the deliveries of silver bullion for mintage accumulated more and more in the mints. To preclude the mintage of a sum greater than the contingent allowed to France, a law was passed

5th August, 1876, which ordained that the mints should be closed to further delivery of silver.

By the Treaty of 5th November, 1878, the States of the Latin Union put an end to the system of limited coinage, which can not be resumed before 1st January, 1886, unless by common consent.

What is the profit which private individuals were enabled to realize, after 1st January, 1874, on the mintage at par, at 15½, of silver which they had bought at a lower price after the suspension of free coinage caused a fall in the value of the silver? Inasmuch as hardly a day passed without the bankers bringing in silver to be coined, the calculation of the profit realized on each delivery would require great labor, which would be of no appreciable use.

It is, however, to be remarked, that the profits in question were lessened by the loss of interest which the bankers were obliged to bear, in consequence of the limitation, and of the delay in minting. In exchange for the metal which they brought, the bankers received Mint Certificates, payable at distant dates. The Mint Certificates delivered at the beginning of January, 1874, were at six months. Those delivered afterwards, were payable at dates further and further removed. The last certificates, issued in July, 1876, were not due till December, 1878.

The Bank of France abstained; no silver at all was coined on its account.

2. SILVER COINED BY THE FRENCH MINTS FOR THE COLONIES,
AND FOR OTHER COUNTRIES, FROM 1st JANUARY, 1874, TO 1st
JANUARY, 1881.

FRENCH COCHIN CHINA.

Silver pieces of 50, 20, and 10 hundredths of a piastre.....	<i>Piastres.</i> 200,000
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GREECE.

Five-franc pieces.....		Fs. c. 15,462,865 00
Pieces of 1 drachme.....	Fr. c. 2,240,465 00	
Pieces of 50 lepta.....	2,250,286 50	
Pieces of 20 lepta.....	444,625 40	
		4,944,376 90
	TOTAL,.....Fs.	20,407,241 90

URUGUAY.

Denomination.	Fineness.	Nominal Value.
Piastres.....	900	Fs. c. 1,615,500 00
50 centesimos.....		1,000,512 50
20 centesimos.....		1,499,988 00
10 centesimos.....		1,500,000 00
	TOTAL.....Fs.	5,616,000 50

VENEZUELA.

Denomination.	Fineness.	Nominal Value.
Venezolano.....	900	Fs. c. 175,100 00
5 decimos.....	835	1,495,867 50
2 decimos.....		566,922 00
1 decimo.....		569,715 00
5 centaros.		370,659 50
	TOTAL.....Fs.	3,178,273 00

EXHIBIT C.

(Presented by Mr. CERNUSCHI, page 482.)

DRAFT OF A RESOLUTION FOR AN INTERNATIONAL TREATY.

On the 7th February, the French Government received from the United States Government an assurance that it was disposed to take immediate action for convening an international conference, taking as a basis the essential ideas of the project which had been transmitted to the Department of State.

This project, drawn up by Mr. Cernuschi, had been forwarded from Paris on the 7th January, but without the preamble, which he has since added. It may hereafter be utilized in some way.

1. Whereas bimetallism, or the monetary system which consists in simultaneously coining any quantity of gold and silver on the footing of a legal ratio between the weight of the monetary unit in gold and the weight of the same unit in silver, had always been practiced, and that only since a few years has it ceased to operate in any part of the world.

2. Whereas, during nearly a century, the principal Continental mints have coined at the legal ratio of $15\frac{1}{2}$ all the quantities of gold and silver presented for coinage, whereby alone, whatever the vicissitude in the production of gold and the production of silver, the relative value of the two metals was necessarily fixed in the entire world at the par of $15\frac{1}{2}$; nobody, in any country, agreeing to part with either gold or silver at a less advantageous ratio than that which it was known could be realized in Europe at the mints which were bound at the rate of $15\frac{1}{2}$ to convert into coin, having legal currency without limit of amount, all the metal they were asked to coin.

3. Whereas, by this universal par of value between gold and silver, the monetary material of the entire world formed a single mass as homogeneous as if it had been composed of a single metal, but with this evident and very important superiority, that its paying power was much more stable than would have been the paying power of gold disjoined from silver, or of silver disjoined from gold; and this because the greater or less stability of that paying power depends on the greater or less regularity of monetary production, because the production of gold is very irregular, also that of silver, while the joint production of the two metals valued at the legal ratio is quite sufficiently regular.

4. Whereas, the above-mentioned universal par between the value of the two metals was of the greatest service to countries subject to monometallism, such as gold monometallic England and silver monometallic India, which countries, owing to that par, could mutually settle their pecuniary dealings with almost as much facility and certainty as if they had one and the same metal as common money.

5. Whereas, as soon as silver was no longer freely admitted to coinage by the States which had previously been bimetallic, the universal par of value between the two metals necessarily disappeared; and, inasmuch as through that disappearance the bimetallic and homogeneous material possessed by the world was decomposed into two monometallic materials heterogeneous to each other—the material gold, the sole metal admitted to free coinage in Europe and America, and the material silver, the sole monetary metal in Asia—a twofold monometallism, which has rendered the commercial and financial relations between the two halves of the world almost as complicated and hazardous as if the exchanges between them were made by barter.

6. Whereas, moreover, the States of the Continent of Europe and the United States of America, while admitting gold alone to free coinage, are incumbered with coined silver, and the silver coins of one country can not be converted into money in other countries, unless in Asia, but then undergoing all the loss resulting from the difference between the ratio at which such silver has been coined with regard to gold, and the much smaller ratio of gold realized on disposing of silver for an Asiatic destination now that the universal par no longer exists, a ratio which would become smaller and smaller if the offers for sale of silver happened to be resumed and continued.

7. Whereas, it is, in fact, impossible to withdraw from circulation and get rid of the coined silver, not only because of the terrible fall which the Asiatic exchange would experience, and of the enormous losses which would have to be borne, but also because of the immense void such withdrawal would leave behind it; a monetary void which could not be filled either with the present gold, which has already its use, or with the future gold, which has not yet issued from the mines.

8. Whereas, in short the monetary chaos is general, and that chaos extremely prejudicial to the interests of all nations, without a single exception, is solely attributable to monetary laws now in force in Europe and the United States, and can not be put an end to except by reverting to bimetalism.

9. And, whereas, such reversion to bimetalism and the adoption of the ratio $15\frac{1}{2}$ by a preponderating group of nations would have the immediate effect of re-establishing, on a very solid basis, the old universal par of value between the two metals, of enabling Europe, without any loss, to employ its old silver crowns in paying America, and, reciprocally, of enabling the United States, when their balance of trade allows it, to

pay Europe with silver from their mines, and, lastly, of making silver a universal money, while retaining gold on a footing of $15\frac{1}{2}$ as European and American money.

Now, therefore, actuated by all these considerations, the American, French, etc., Delegates have resolved, by common accord, to submit to the ratification of their respective Governments the following Convention :

CONVENTION.

ARTICLE I.—The United States of America, the French Republic, etc., form themselves into a Bimetallic Union on the terms and conditions hereinafter stipulated.

II.—The members of the Union shall admit gold and silver to mintage without any limitation of quantity, and shall adopt the ratio of 1 to $15\frac{1}{2}$ between the weight of pure metal contained in the monetary unit in gold, and the weight of pure metal contained in the same unit in silver.

III.—On condition of this ratio of 1 to $15\frac{1}{2}$ being always observed, each State shall remain free to preserve its monetary types; dollar, franc, pound sterling, mark, or to change them.

IV.—Any person shall be entitled to take any quantity of gold or silver, either in ingots or in foreign coins, to the Mints of any member of the Union for the purpose of getting it back in the shape of coin bearing the State mark; the mintage shall be gratuitous to the public; each member of the Union shall bear the expense of its mintage.

V.—The Mints of each State shall be bound to coin the metal brought by the public as speedily as possible, and at the aforesaid ratio of 1 to $15\frac{1}{2}$ between gold specie and silver specie, the coin thus manufactured shall be delivered to the person who shall have brought the metal, or to his assigns; if the person bringing gold or silver requests immediate payment of the sum which would accrue to him after the interval of mintage, that payment shall be made to him subject to a deduction which shall not exceed two per thousand; the sum shall be handed over, at the will of the paying party, in coin, or in notes convertible at sight into metallic money.

VI.—The gold and silver money shall alike be legal tender to any amount in the State which shall have manufactured them.

VII.—In each State the Government shall continue to issue, as a monopoly, its small change or tokens; it shall determine their quantity or quality, and shall fix the amount, above which no person shall be bound to receive them in payment.

VIII.—The fact of issuing, or allowing to be issued, paper money, convertible or otherwise, shall not relieve the State issuing it, or allowing it to be issued, from the above stipulated obligation of keeping its Mints always open for the free mintage of the two metals at the rate of 1 to $15\frac{1}{2}$.

IX.—Gold and silver, whether in ingots or in coin, shall be subject to no Customs duty, either on importation or exportation.

X.—The reception of silver shall commence at the same date in all the Mints of the Union.

XI.—The present Convention shall remain in force till the 1st of January, 1900. If a year before that date, notice of its abrogation has not been given, it shall of full right be prolonged by tacit renewal till the 1st January, 1910, and so on by periods of ten years until such notice of abrogation shall have been given a year prior to the expiration of the current decennial period; it being, however, understood that notice of abrogation given by States having in Europe less than twenty millions of inhabitants, or subject to the inconvertible paper money system, while releasing those States, shall not prevent or interfere with the decennial tacit renewal of the present Convention between the other members of the Union.

GOLD ARTICLES MANUFACTURED OR IMPORTED INTO SWEDEN, ACCORDING TO THE TABLES OF THE BOARD OF REGISTRATION.

Years.	Manufactured at Stockholm. — Gold.	Imported into Stockholm. from Abroad. — Gold.	Manufactured outside of Stockholm. — Gold.	Manufactured and Imported. Totals. — Gold.
	Kilog. gr.	Kilog. gr.	Kilog. gr.	Kilog. gr.
1848.....	48,806	0,385	52,210	101,401
1849.....	47,446	3,768	52,318	103,532
1850.....	43,877	3,131	52,809	99,817
1851.....	43,651	8,459	53,924	106,034
1852.....	42,411	11,706	53,133	107,250
1853.....	41,485	4,859	54,980	101,324
1854.....	52,375	21,873	71,433	145,681
1855.....	53,207	26,479	78,659	158,345
1856.....	57,050	27,460	93,683	178,193
1857.....	55,820	9,489	88,813	154,122
1858.....	48,577	6,122	83,158	137,857
1859.....	52,804	14,684	96,388	163,876
1860.....	55,416	11,896	101,847	169,159
1861.....	50,893	16,427	114,078	181,398
1862.....	48,667	9,941	111,958	170,566
1863.....	50,292	4,123	113,959	168,374
1864.....	44,201	8,458	108,837	161,496
1865.....	42,239	12,083	110,673	164,995
1866.....	40,822	5,176	102,812	148,810
1867.....	31,601	11,730	88,559	131,890
1868.....	29,010	8,430	85,884	123,324
1869.....	32,378	5,306	103,544	141,228
1870.....	33,379	6,949	108,104	148,432
1871.....	40,092	22,313	131,784	194,189
1872.....	51,975	25,194	165,679	240,848
1873.....	68,632	34,893	196,824	300,349
1874.....	91,749	63,491	226,610	381,850
1875.....	92,651	33,671	218,403	344,725
1876.....	79,099	44,637	222,224	345,960
1877.....	77,460	26,651	218,592	322,703
1878.....	61,864	20,221	182,596	264,681
1879.....	55,026	22,789	161,974	239,789
1880.....	65,544	48,759	188,710	303,013

.Selon le protocole du bureau de contrôle, Stockholm, le 2 Juillet, 1881.

B. Lindman.

EXHIBIT D.

(Presented by DR. FORSELL (page 482.)

STATEMENT OF THE GOLD AND SILVER COINS STRUCK AT THE MINT IN STOCKHOLM BETWEEN 1857 AND 1880.

GOLD COINS BROUGHT FOR EXCHANGE TO THE STOCKHOLM MINT, 1857-1880.

DENOMINATION.	1874.		1876.		1877.		1879.		TOTALS.	
	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.
7,100 carolins.....	Kil. gr. 10 319	Kil. gr. 9 287	Kil. gr. 12 575	Kil. gr. 11 318	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr. 22 894	Kil. gr. 20 605
200 Swedish ducats .....	.....	.....	695	678	.....	.....	.....	.....	0 695	0 678
2,000 n. sovereigns.....	.....	.....	.....	.....	15 953	14 621	.....	.....	15 953	14 621
21 Russian half imperials .....	.....	.....	.....	.....	.....	.....	0 137	0 126	0 137	0 126
Totals.....	10 319	9 287	13 270	11 996	15 953	14 621	0 137	0 126	39 679	36 030

SILVER COINS BROUGHT FOR EXCHANGE TO THE STOCKHOLM MINT, 1857-1880.

DENOMINATION.	1870.		1875.		1876.		1877.		1878.		1880.		TOTALS.	
	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.
SWEDISH COINS.														
In pursuance of the Coinage Law of 1664:	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.
Pièces de 1, $\frac{2}{3}$ et $\frac{1}{3}$ species.....	.....	.....	1,651 105	1,450 341	8 757	7 693	.....	.....	356 205	312 748	.....	.....	2,016 067	1,770 782
“ $\frac{1}{6}$ species.....	710 526	492 395	163 967	113 629	7 268	5 037	.....	.....	.....	.....	.....	.....	881 761	611 061
“ $\frac{1}{12}$ species	332 384	167 521	61 675	31 084	4 718	2 378	.....	.....	.....	.....	.....	.....	398 777	200 983
“ $\frac{1}{24}$ species	421 781	161 964	73 224	28 118	5 993	2 301	.....	.....	.....	.....	.....	.....	500 998	192 383
In pursuance of the Coinage Laws of 1830 and 1835:														
Pièces de 1 species, 4 rot. and 2 rot. rmt.....	.....	.....	9,665 339	7,249 004	8,869 719	6,652 289	3,943 117	2,957 336	1,275 227	956 420	3,061 752	2,296 314	26,815 154	20,111 363
“ $\frac{1}{4}$ species and 1 rot. rmt.....	.....	.....	258 452	193 581	410 391	307 383	317 324	237 675	.....	.....	1,116 963	836 605	2,103 130	1,575 244
“ $\frac{1}{8}$ species and 50 ore rmt.....	.....	.....	1,424 865	1,065 799	441 680	330 377	1,484 668	1,110 532	.....	.....	1,388 557	1,038 641	4,739 770	3,545 349
“ $\frac{1}{16}$ species and 25 ore rmt.....	.....	.....	2,195 297	1,643 203	1,862 507	1,394 086	2,480 556	1,856 696	414 190	310 021	5,332 030	3,991 024	12,284 580	9,195 030
“ $\frac{1}{32}$ species and 12½ ore rmt.....	.....	.....	63 969	47 913	9 771	7 318	24 373	18 255	.....	.....	.....	.....	98 113	73 486
“ 10 ore rmt.....	.....	.....	218 733	163 393	448 509	335 036	859 087	641 737	.....	.....	.....	.....	1,526 329	1,140 166
RUSSIAN COINS.....	.....	.....	3,642 686	2,304 423	.....	.....	.....	.....	.....	.....	.....	.....	2,642 686	2,304 423
Totals.....	1,464 691	821 880	18,419 312	14,290 488	12,069 313	9,043 898	9,109 125	6,822 231	2,045 622	1,579 189	10,899 302	8,162 584	54,007 365	40,720 270

Kongl. Myntel i Stockholm d. 22 Juni 1881.

E. Binseartz

SILVER ARTICLES MANUFACTURED OR IMPORTED INTO SWEDEN,
1848-1880. ACCORDING TO THE TABLES OF THE BOARD OF REG-
ISTRATION.

Years.	Manufactured at Stockholm. — Silver.	Imported into Stockholm from Abroad. — Silver.	Manufactured outside of Stockholm. — Silver.	Manufactured and Imported. Totals. — Silver.
	Kilog. gr.	Kilog. gr.	Kilog. gr.	Kilog. gr.
1848	2,211,452	19,947	2,187,621	4,419,020
1849	2,201,705	17,583	2,266,409	4,485,697
1850	2,163,671	18,831	2,195,588	4,378,090
1851	2,199,155	44,515	2,228,550	4,472,220
1852	1,985,519	25,471	2,292,292	4,303,282
1853	1,630,721	13,599	2,282,186	3,935,506
1854	1,975,320	73,996	2,768,672	4,817,988
1855	2,120,338	109,042	3,300,812	5,530,192
1856	2,379,763	86,108	3,778,563	6,244,434
1857	2,388,541	69,640	3,256,293	5,714,474
1858	1,644,202	39,181	2,473,781	4,157,164
1859	1,961,333	96,645	2,752,406	4,810,384
1860	1,854,437	25,462	2,835,848	4,715,747
1861	1,643,615	56,546	2,930,832	4,630,993
1862	1,392,355	31,391	2,722,970	4,146,916
1863	1,392,721	26,584	2,502,831	3,922,136
1864	1,339,209	44,179	2,064,656	3,448,044
1865	1,209,083	51,714	1,966,089	3,226,886
1866	976,931	16,983	1,800,179	2,794,093
1867	648,044	33,227	1,463,631	2,144,902
1868	446,849	62,156	1,376,775	1,885,780
1869	711,161	46,627	1,314,320	2,072,108
1870	742,139	82,097	1,495,613	2,319,849
1871	887,974	184,671	1,643,963	2,716,608
1872	889,262	216,678	2,002,619	3,108,559
1873	992,129	307,402	2,146,170	3,445,701
1874	1,178,827	590,657	2,331,627	4,101,111
1875	956,301	438,504	2,105,907	3,500,712
1876	880,553	352,257	1,943,765	3,176,575
1877	721,261	354,080	1,737,284	2,812,625
1878	567,069	270,670	1,362,160	2,199,899
1879	515,495	257,027	1,049,917	1,822,439
1880	704,935	313,752	1,081,617	2,100,304

Selon le protocole du bureau de contrôle, Stockholm, le 2 Juillet, 1881.

B. Lindman.

EXHIBIT E.

(Presented by MR. LARDY, page 483.)

NOTES ON THE INDUSTRIAL CONSUMPTION OF THE PRECIOUS METALS, NOTABLY OF GOLD IN THE SWISS CONFEDERATION,

Until the present year Switzerland has had no uniform law for the registration of the use of gold and silver in manufactures. The absence of obligatory registration of articles into the formation of which the precious metals enter, renders it difficult to obtain information concerning their use. The following is a *résumé* of information gathered from the Cantonal authorities and from the banking houses, which have been consulted in view of their special competence:

I. *Geneva*.—There are in this city large refining establishments, and the bankers there provide the manufacturers with considerable quantities of coined metal.

One of the principal establishments delivered, in 1880, 7,573 kilogrammes of gold, of which 7,000 were intended for Switzerland, but this gold contained every degree of alloy; on the other hand, this establishment bought back from the manufacturers about 3,000 kilograms of remnants and waste, belonging to Switzerland; there remains, therefore, (7,000–3,000), 4,000 kilograms as the total sale of this establishment in Switzerland. This same refinery gives 3,000 kilograms as an estimate of the production of its competitors; admitting that it has not given figures which are too low, the industrial consumption of gold at Geneva would reach the sum of 7,000 kilograms; but a higher figure, varying between 7,000 and 8,000 kilograms, is generally conceded to be correct. This would represent a value of about 21 million francs.

One of the principal banking houses of Geneva estimates, at two million francs per year the consumption of napoleons directly melted down by the manufacturers, at two million francs the purchases of gold and silver bullion by manufacturers, together with the specie delivered by the bankers (Turkish livres, sovereigns, etc.), and at two millions the jewelry melted down and importations from other sources.

It is, therefore, necessary to add six millions (2 + 2 + 2) to the above total of 21 million francs, so that the industries of Geneva alone appear to absorb 27 millions of francs yearly. It is proper to observe, however, that there is to a certain extent a double use, arising from the fact that Geneva sends gold to the manufacturers of Neuchatel. Notice will be taken of this at the end of Section II.

II. *Neuchatel*.—According to a communication of Dr. Hirsch, the learned Director of the Observatory of Neuchatel, and Secretary of the International Committee of Weights and Measures, the maximum of gold employed yearly in all watchmaking industry in Switzerland should be placed at 15 million francs,

and the maximum consumption of the whole world for the same purpose at 30 million francs. At Neuchatel the inveterate habit of the watchmakers is to confine themselves to melting down coined money. A result of this practice has been that Switzerland has suffered under peculiar monetary difficulties, and she was forced, about 1860, to reduce the fineness of her silver coin to .800.

According to the indications given to Mr. Comtesse, Councilor of State, and Chief of the Interior Department, under whose direction the Officers of Registration in Neuchatel were placed, one-half of the gold and silver watches are not reported at the office; as for those which are reported, they vary indefinitely in their fineness, from 2 to 18 carats, without, however, being subject to any ascertainment of these differences, each article being taxed by the piece, and not by weight or by value.

Making use of the indications given by the Offices of Registration, and of the estimates made by the principal bankers, the Department of the Interior of the State of Neuchatel feels itself justified in presenting the following figures as an approximation :

Neuchatel, City.—Gold, 60,000 francs; silver, 300,000 francs.

Fleurie—Gold, 800,000 francs; silver, 200,000 francs.

Locle and Chaux-de-Fonds—Gold 14 or 15 million francs; and silver, two to three million francs.

The Canton of Neuchatel, according to this, would absorb annually 15 to 16 million francs of gold, and 2½ to 3 millions of silver.

According to the estimates given by the various important banking houses of Neuchatel and Chaux-de-Fonds, there would be ground for cutting down these figures to 12 millions for gold, and to two millions for silver, inasmuch as a part of the metal comes from Geneva, and has already been included in preceding calculation relating to that Canton.

III. *Other Parts of Switzerland.*—It has been impossible to obtain precise data concerning the consumption of gold in the other Swiss Cantons. It must be unimportant compared with Geneva and Neuchatel; the watchmaking industry in the Bernese Jura produces but few gold watches.

IV. *Résumé.*—At Geneva the industrial consumption of gold appears to be 27 million francs, and at Neuchatel 16 millions, from which there is good ground for deducting three or four millions, on account of being counted twice. We then arrive at a total of about (27 and 12) 37 millions of francs for Geneva and Neuchatel; and it appears, therefore, that we can consider the round number of 40 million francs as representing, without exaggeration, the industrial consumption of gold in the Swiss Confederation.

At the same time, in the absence of authentic information, the above figures are only given with all reservations.

EXHIBIT F.

(Presented by MR. DANA HORTON, page 483)

NOTE ON THE TWO EXTREMES OF OPINION CONCERNING THE CAUSE
OF THE VALUE OF MONEY.

Explanations of the value of money divide themselves naturally into two categories; the extremity of which on the one side is presented in the formula, *the Law is supreme*, on the other, in the formula, *Commerce is supreme*.

The first of these two theories is the theory of the *fiat*, of the supreme efficacy of the command of law, better known, perhaps, as the theory of the advocates of paper money.

The second is the magistral theory of the orthodox dogmatic economic science of other days; or, in other words, the free-trade or *laisser-faire* theory, dragged forcibly out of its proper place, and wrongfully applied to money.

THE FIAT THEORY.

The best exposition within my knowledge of the *fiat* theory, is that made by a Russian author of the last century, Iwan Possoschkow, a reformer of the time of Peter the Great. Neither the *assignats* nor the *mandats* in France, nor irredeemable bank-notes in England, nor greenbacks in the United States, have inspired so complete a scientific expression of this doctrine as did the copper money of Russia in the days of Peter the Great.

"The foreigners," says Possoschkow, "estimate their foreign money according to the quantity of the metal it contains, and not according to the power of the monarch who issues it. They have a rate of relative value for silver and copper. But we honor our monarch as God, and we hold his dignity in honor, and most zealously obey his will. On whatever thing we see the name of his Imperial Majesty, that thing we estimate highly In coining money, men must not do as the foreigners do, and consider the amount of copper, but consider only the will of his Imperial Majesty. We are no foreigners; it is not the copper that is valuable to us; it is the name of our Czar. We do not look at the weight of the money, but upon the inscription."

He objects to the foreigners that they "come into our country, test the value of our money, and then raise the price of all their goods."

"Such prices," he says, "are the fruit of their insolence. Without any

good reason, they have raised the price of all their wares, and have grossly offended us by so doing. Their self-will is responsible for it.

"To be sure, they give, as a reason for the rise of prices, our money, about which they have nothing to do.

"If our coins come into their country, they might, for all I care, let our kopeks count only for half a kopek ; that is their affair ; it is their country, and their will.

"But among us, they have no power ; with us, our monarch has all power.

"Among the foreigners, kings have less power than the people ; there the kings can not accomplish any thing out of their own sovereignty ; but their subjects are all-powerful, and especially the merchants."

We have here the command of the law raised to its highest power ; the omnipotence of the law alone, and of a single law.

THEORY OF FREE TRADE APPLIED TO MONEY.

I dreamed that I was in the pattern country of free-trade. It was not Belgium ; but it ought to be very near it if we may rely upon the theories of the *spirituel* representative of that country in the Conference.

In the matter of money, there was no regulation or interference on the part of the State. The "law" did not trouble itself with the question what object should be used as the equivalent and evaluator of commodities and of services ; it was "commerce" which settled every thing.

Taxes were paid, but people gave whatever they chose. The Government also paid the salaries of its members with all sorts of things which it wished to be rid of. One month it gave old cannon ; another month, hunting permits in the forests of the State. On the other hand, one could pay for postage stamps with dynamite if he wished. For those who were condemned or adjudged by the Courts to pay fines or damages the system was notably convenient ; they gave things of which they had no need, the law having nothing to say in presence of this "natural course of events."

For an official appraisement, or in the winding-up of an estate, it might, perhaps, be loads of wood, or barrels of whale oil, that served as the measure, the instrument of valuation. Complete liberty of contract was, however, observed ; only the modes of enforcing contracts left much to be desired. The recalcitrant debtor could be cited before the Courts ; but inasmuch as, if he were adjudged to pay damages, he had entire freedom of choosing the means of payment, it was simpler to compromise than to go to law. It sometimes happened, therefore, that a bill of exchange expressed in weights of the precious metals was paid with building-stone, or a mortgage of similar tenor was paid off with gravel.

The truth must lie between these two extremes ; between the impotence of all laws, even the wisest, and the omnipotence of a single law,

however unwise it may be: *Medio tutissimus ibis*. It is this central position which is occupied by the doctrine of bimetallists.

It is a curious fact that those who to day place themselves at one of these two extremes of opinion concerning the cause of the value of money, and who, if they were consistent and logical, ought to undertake to call into real existence their ideal world of free trade in money, accuse the bimetallists who occupy the center of monetary doctrine, of taking their stand at the opposite extreme, of being really *fiat* men; an accusation which, by the way, is not merely false, but at the same time an anachronism.

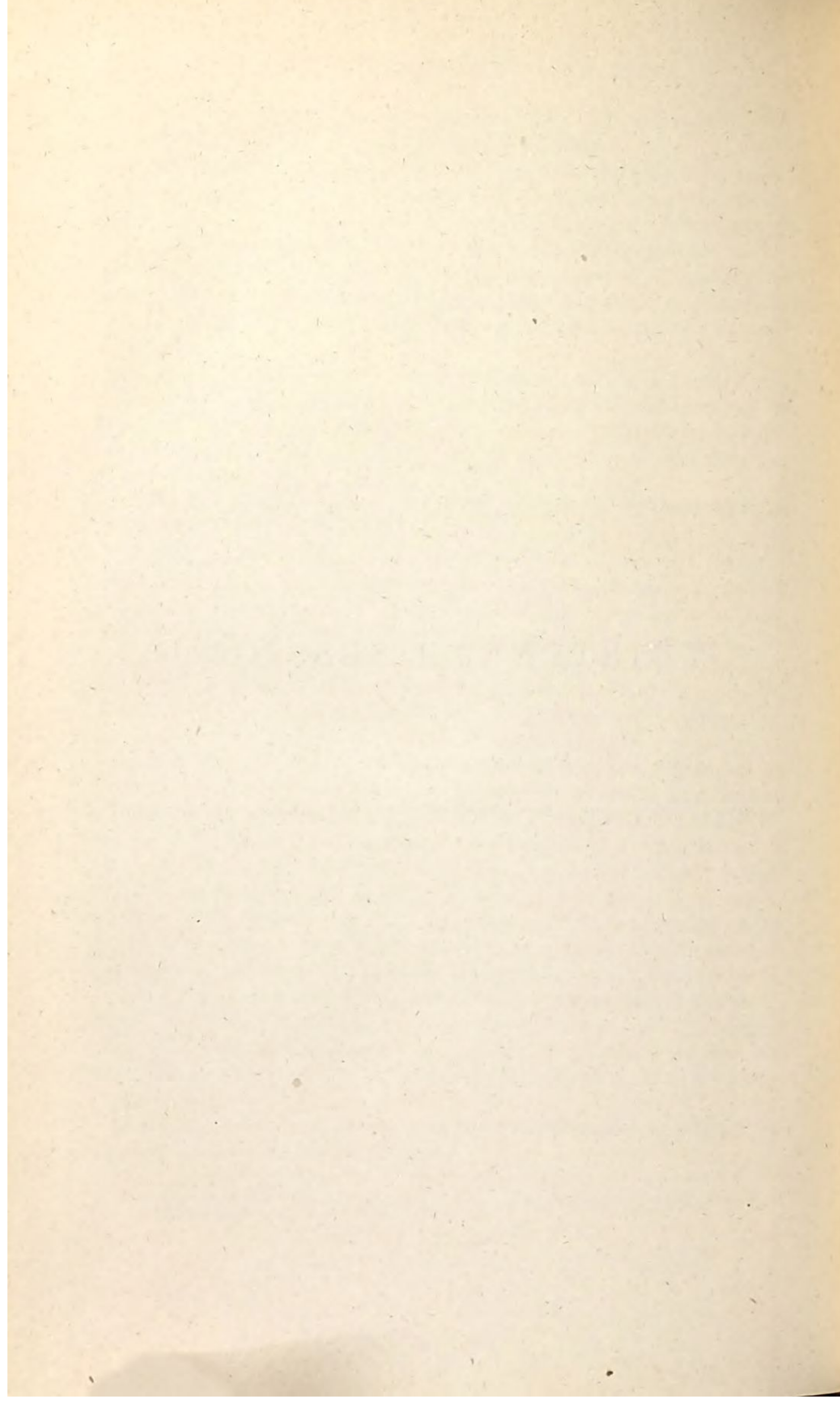
Inasmuch, however, as this confusion of ideas contributes largely to the slowness with which Europe is being converted to the monetary reform proposed in 1878 by the United States, it may not be without use to mark the contrast offered by the development of opinion concerning the cause of the value of money on the two continents respectively.

Happily perhaps for herself, Europe in general has not been, like the United States, the theater of a long political struggle, in which the monetary question has occupied the center of the field. In Europe, for many years, men, eminent in political life, have had better things to do than to discuss the theory of money. But with us in America, it was otherwise; the civil war between the rebels and the nation lasted but four years; but the monetary war has already lasted 19 years, paper against metal, gold against silver, and the end is not yet. The United States is a country, therefore, in which, in the midst of a civil war, the law replaced a money (gold and silver) guaranteed by all the monetary laws of which the history of the human race has recorded the existence, with a money guaranteed by a law of the United States alone; and when at the close of a long political struggle, it was at length possible to decree the replacement of this national by the international money, it was ascertained that, in the interval, while this discussion had been going on, a legal revolution in several nations had disorganized this very system of international money to which it was proposed to return. In such a country, the question of the cause of the value of money was naturally in permanence the order of the day; and there was no possibility of remaining an optimist in favor of maintaining the *status quo* of the best of all possible worlds; it was necessary to take sides; it was imperative to decide between the "*fiat*-money man" who desired to retain and to augment the paper money, and the free-trade theorician who thought that paper could be replaced with gold at one stroke.

Hence, the question of the cause of the value of money was ripe in the United States earlier than in Europe.¹

(1) This analysis of the theory of free trade in money, and of Iwan Possoschkow, was made in 1876. (See Silver and Gold, pages 169-174.)

THIRTEENTH SESSION.



THIRTEENTH SESSION.

FRIDAY, *July* 8, 1881.

MR. MAGNIN presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India,
Greece,
Italy,
The Netherlands,
Portugal,
Russia,
Sweden and Norway,
Switzerland,
United States of America, and of
France,

who were present at the previous meeting.

The session was opened at 1.30 P. M.

The minutes of the previous session were read and adopted.

MR. DUMAS laid on the table, as supplementing the information already communicated to the Conference, respecting the industrial use of gold and silver, a return of the deliveries made to the Paris trade by one of the principal refining firms of Paris during the nine years, 1872-1880.¹

¹See Exhibit A, p. 523.

MR. DUMAS remarked that, according to this table, the average deliveries to the Paris trade were about 24,000 kilogrammes of silver and 465 kilogrammes of gold. Assuming that the operations of the other Paris refiners came to half those of this firm, an average was arrived at of 36,000 kilogrammes of silver and nearly 700 kilogrammes of gold, worth 7,255,000 francs, at 200 francs per kilogramme for silver, and 2,370,000 francs, at 3,400 francs per kilogramme for gold. This average, moreover, must be considered a minimum. Indeed, the figures went back to the year 1872, which was included in the estimate, and the figures for which were exceptionally small; from various causes it represented for virgin silver a consumption of only 13,000 kilogrammes; whereas, the normal consumption varied between 16,000 kilogrammes and 20,000 kilogrammes, and the average was thus materially reduced. It must not, moreover, be lost sight of that the figures just indicated were necessarily incomplete, for outside Paris, in the provinces, there existed, especially at Lyons and Besançon, quite important centers for refining and for consumption; and the industries of these cities used quantities of the precious metals, the importance of which could not, for the present, be accurately calculated.

MR. EVARTS, on behalf of the Delegates of France and of the United States of America, read the following Declaration:

“The Delegates of France and of the United States, in the name of their respective Governments, make the following Declarations:

“1. The depreciation and great fluctuations in the value of silver relatively to gold, which of late years have shown themselves, and which continue to exist, have been, and are, injurious to commerce and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

“2. A convention, entered into by an important group of States, by which they should agree to open their mints to free and unlimited coinage of both silver and gold, at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal, and with full legal tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and requirements of the commerce of the world.

“3. Any ratio, now or of late in use by any commercial nation, if adopted by such important group of States, could be maintained;

but the adoption of the ratio of $15\frac{1}{2}$ to 1, would accomplish the principal object with less disturbance in the monetary systems to be affected by it than any other ratio.

“4. Without considering the effect which might be produced toward the desired object by a lesser combination of States, a convention which should include England, France, Germany, and the United States, with the concurrence of other States, both in Europe and on the American continent, which this combination would assure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that such convention should adopt.”

THE PRESIDENT then communicated to the Conference a French translation of this Declaration.

THE PRESIDENT informed the Conference that, since the last Session, a considerable number of Delegates of the invited Powers had, in private conversations, expressed a desire to see the Conference suspend its labors, and adjourn to some later date. The President deemed it right to inform the Conference of this desire, begging that the question be examined and discussed. In the event of its being favorably entertained, the Delegates of France and of the United States would have the honor of submitting to their colleagues the draft of an explanatory resolution suspending the Sessions of the Conference for a length of time, which would then need to be determined.

MR. FORSELL, Delegate of Sweden, asked leave to speak, and expressed himself in these terms:

Mr. President, and Gentlemen—I object to the proposal for an adjournment to a later date. Here are my reasons: In the first place, I ask you, gentlemen, whether it would not be a little exceeding diplomatic decorum thus by repeated prorogation, and without taking the opinion of our respective Governments, to give certain permanence to our meetings. For my own part, at least, I can not share in it, except under the reservation of the entire freedom of action of my Government; and, as there are Governments infinitely more interested in the question than mine, I presume the majority of my colleagues would do the same, which would convert the nominal prorogation into a separation. For, what would this prorogation really signify? Should it be inferred that we lack either sufficient information to enable us to judge of the monetary situation, or official Declarations precise enough to

enable us to judge of what I may call the political situation? Not at all. As regards information, we have already received from nearly all the Delegates explicit replies on questions of detail; what still remains to be finished is, that investigation into the state and movement of the prices of merchandise, which is, however, of a more theoretical than practical nature, and is matter for a commission of inquiry rather than a Conference.

As to Declarations, we heard, the day before yesterday, that of the Delegate of the Netherlands, intimating that the Netherlands Government would not hesitate to propose the free and unlimited coinage of silver as soon as the double standard system should have been re-established in an area including all the great States of Europe and America, but that that Government could not engage to act thus if this system be established only in a more limited area; then that of the Italian Government, assuring us that Italy could not enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, should not unreservedly adhere to it. These Declarations are quite clear, and leave no doubt respecting the conditions of the adoption of the bimetallic system by these two States.

Next comes France, whose most advanced bimetallist Delegate held, at our Fifth Session, bold language concerning a bimetallism possible, even with two great powers, *même à deux*. Mr. Cernuschi assured us that the Bimetallic Union would be supreme in the world, even although it comprised only the United States and France. It was this bipartite convention which the liberal propositions of England and Germany suggested to the two powers. We might, therefore, have regarded this Declaration by Mr. Cernuschi as a proposition for an agreement between France and the United States alone, for the free and unlimited coinage of silver. Happily, one of the Delegates of the United States has recently disillusionized us as to this bipartite agreement. Mr. Thurman, speaking, at our Tenth Session, of propositions assuming that the United States and France alone, or with the chief States of the Latin Union, would open their mints to the free and unlimited coinage of silver, plainly told us, as regards his Government, that a treaty of this kind could not be accepted by the United States. The Americans, he says, do not desire an arrangement which might have the effect of diminishing the quantity of gold in the United States, and as for the propositions made in our last Session by Germany and England, and pointing at this bipartite union between France and the United States, he assures us that, although he re-

cognizes their importance, they are very far from responding to the exigencies of the time, and have no chance of being favorably received.

This firm and clear language is sufficient to convince us that bipartite bimetallism is quite as impracticable as solitary bimetallism, and that, consequently, the only practical bimetallism is that of all the world, which always implies the adhesion of Germany and England.

We therefore adjourned, six weeks ago, in order to give rise, if possible, to a modification of these Declarations of the two States, hitherto apparently insufficient. We came back, and the Delegate of Germany told us, at our Tenth Session, that he had nothing to add to the Declaration of our Second Session. The Delegate of Great Britain, the day before yesterday, communicated nothing, absolutely nothing, to us on the part of his Government, with the news on the part of the Bank of England, which is not even news, that it is free to buy a certain quantity of the white metal; this is all. We still remain in a very singular position, in which everybody is pressing for a bimetallic Union, but on condition of its being joined by England and Germany, who do not accept the invitation, and where England and Germany invite you all to this bimetallism, *à deux*, which you all reject, except Mr. Cernuschi.

In such circumstances, what would the proposed prorogation really signify? Nothing, unless a hope of getting the United States Government to change its mind as to bipartite bimetallism, or the German and English Governments to change their minds as to universal bimetallism. No doubt the Delegates of these Governments would, by their assent to the prorogation, give a support to that hope which, however, has really very little foundation.

Would it not be better at once to acknowledge the fact that the projects of bimetallism, failing the adhesion of certain States, have collapsed? And as, indeed, the present situation is scarcely different from that which dictated the resolutions of the last Monetary Conference, as the difference consists in the Declarations of Germany and England, who evince their desire to avoid any forcible and sudden alterations in their monetary systems, it seems to me that it would be proper for the Conference, in concluding its labors, to declare its adhesion to the opinions enunciated by the Monetary Conference of 1878, on the necessity of maintaining the monetary function of silver as of gold.

BARON VON THIELMANN, chief Delegate of Germany, expressed an

opinion that, in view of the divergences of opinions revealed by Mr. Forssell's speech, it would be somewhat difficult to discuss the proposition of prorogation without knowing its grounds. He should, therefore, deem it well if the French and American Delegates would be good enough to communicate to the Conference a draft of an explanatory resolution.

After some observations to the same effect from Mr. Denormandie, the Session, on the proposal of the President, was suspended for 20 minutes.

On resuming, THE PRESIDENT read the following draft of resolutions :

The Conference, considering that, in the course of its two Sessions, it has heard the speeches, declarations, and observations of the Delegates of the States hereafter enumerated—

Germany,	Canada,
Austria-Hungary,	Greece,
Belgium,	Italy,
Denmark,	The Netherlands,
Spain,	Portugal,
The United States,	Russia,
France,	Sweden,
Great Britain,	Norway,
British India,	Switzerland :

Considering that the Declarations made by several of the Delegates have been in the name of their Governments ;

That these Declarations all admit the expediency of taking various measures in concert, under reservation of the entire freedom of action of the different Governments ;

That there is ground for believing that an understanding may be established between the States which have taken part in the Conference ;

But that it is expedient to suspend its meetings ;

That, in fact, the monetary situation may, as to some States, call for the intervention of governmental action, and that there is reason for giving an opportunity, at present, for diplomatic negotiations ;

Adjourns to Wednesday, 12th April, 1882.

MR. DENORMANDIE, Delegate of France, next rose to speak, and expressed himself in these terms :

Gentlemen—You have before you a proposition looking to a pro-

rogation of the Conference. The two Governments of the United States and France concur in that proposition, and they have consequently drawn up a formula, which has just been read to you by the President, and the object of which is to sanction this prorogation.

The proposition thus made to you calls for a few explanations; in the first place, out of deference to all of you, and also as especially decorous toward our honorable colleague who has lately given expression of a divergent opinion, and to whom we are bound to give a reply. It is under the influence of this twofold feeling that, on behalf of the Delegates of the two Governments of the United States and France, I ask you kindly to listen to me for a few moments. I will be as short as possible.

We can not disguise from ourselves that the observations just now submitted to you tend to nothing less than to establish, at least virtually, that nothing has been done here but an imperfect, useless, and empty work.

Now, that is a sentiment which it is painful to hear expressed, and whatever decision you may presently take, even though you should not decide in favor of a prorogation of the Conference, it would not, I think, be possible for us to separate without affirming that this has been a mistaken judgment on the part of our honorable colleague, that the Conference has steadily progressed toward a tangible and useful end, and that, within the measure of possibilities, it has certainly attained it. Each day has its work. There are problems which it is impossible to solve at once.

The first question, gentlemen, which presented itself was assuredly whether you had the qualifications and competency for assembling to study in common a problem of general interest, to solve it, and to carry out your decision. I am aware that this question was not expressly raised. I am aware that only after several days' sessions was it alluded to, in one of his striking speeches by our eminent and esteemed colleague, Mr. Pirmez. But what I may assume is, that at the outset some of you must have put it to yourselves. Well, gentlemen, it has been solved; it has not been solved here; it has not been solved by a vote, but it was virtually solved the day when the Governments to whom France and the United States addressed themselves decided upon responding to that appeal, on delegating and sending you here, and this not merely, allow me to say, from a sentiment of courtesy and deference of Governments toward each other, but evidently with the seriously conceived idea of doing something. Do not exaggerate my idea,

gentlemen. I know quite well that some of you came here with restricted instructions; that they made reservations of which official notice was taken. I am quite aware that in a certain country there may exist old traditions worthy of respect, that in another a monetary reform has been effected which may not leave unfettered freedom of action. But by the side of these great questions of principle, reserved by the instructions you received, reserved by your attitude in this Assembly, it is certain that the Governments which sent you, well understanding the general interest, thought they did so to some purpose; if not a purpose which it was possible immediately to attain, at least a probable purpose, and with a view to a work which some day or other might be accomplished. You consequently had qualifications and competency for coming here and for co-operating in the common work.

This is a very important point, and at the moment of my thus reverting to the past, I attach, for my part, considerable interest to establishing it, in order to give due weight, were it necessary, to the work, whatever it is, and we will consider it in a moment, which you have up to to-day accomplished. I attach considerable interest to it as regards the work which you will perhaps accomplish, as we must hope, the day when you reassemble.

The examination which I have just made had especially the object of bringing out what I may call the first useful result of the initiative taken by our Governments, namely, the favorable reply to the invitation, the question of utility examined and virtually settled by all the Governments, your arrival here, the formation of this great council, of this high court, the common elaboration of all the questions, all implying, in the highest degree, the consciousness of a task which was useful, which might lead to effective legislative action.

Having said this, gentlemen, I wish to bring out another very considerable result of the labors of the Conference, namely, that be it through Declarations or in speeches, you have all acknowledged that we were confronted by a deplorable situation; that there were sufferings, that the monetary position of the world was very grievous, that silver was in discredit, that it had ceased to be an international value of circulation and of paying power, and that whatever the individual sentiment on the question of principle, there was something to be done.

This means a great deal, gentlemen; even if the Conference had had no other result, this alone would be an important result.

I have said that every body made this declaration, but it had

more interest in some cases than in others. It was well known, indeed, that a certain number of Governments among those represented here were bimetallist; the tenets on that head of a certain number of our colleagues were known, I shall, therefore, make no comments as regards them; but what it is interesting and useful to note is the loyalty, the frankness, with which those of you who are monometallists, and I profoundly respect their opinion, as is always a duty toward opponents, have acknowledged that there was something to be done. If I were not afraid, gentlemen, of trespassing on your time, and if you would kindly allow me a few moments more, I would place before your eyes the various expressions of feeling and opinion which have the greatest weight, especially when we consider by whom they were enunciated.

On the 5th May, 1881, the honorable chief Delegate of the German Empire made this Declaration:

“While thus considering the monetary situation of Germany as firmly established, we in no way overlook the bearing of the fall of silver which has since happened.

“We acknowledge, without reserve, that a rehabilitation of silver is to be desired, and that it might be arrived at by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, who for this purpose would take as the basis a fixed ratio between the value of gold and that of silver.”

The honorable Baron Thielmann made his reservations concerning his system and the monetary reform of his country, as he had a right to do, but, at the same time, with a good-will for which we are grateful to him, and with great candor he admitted there was something to be done.

The Delegate of British India, at the same Session, said:

“Although the Secretary of State as well as the Council of British India, do not think they can cherish the hope, in existing circumstances, of a radical reform of the monetary system of India, they are ready to take into consideration measures whose introduction into India might be suggested in order to re-establish the value of silver.”

The Representative of Austria-Hungary made this Declaration:

“Our sympathy is insured for any measure which should be adopted with the view of improving or restoring, as far as possible, the position of the white metal.

“We, therefore, willingly hope that the Conference will not definitely separate without having adopted some remedy to obviate the

inconveniences of the existing monetary situation which, in our view, is serious from more than one standpoint."

And the Representative of Switzerland, at the same Session, said:

"The Federal Council has sent Delegates to the Conference solely because it considers this Conference as having only a preliminary character, and as having for its sole task the investigation of the bases on which an acceptable draft treaty might be raised."

We have sought for those bases, we have brought them together, and we have thus responded to the special idea of one of our honorable colleagues. An accord may be usefully sought for between the different Governments, and this is why, in the text of the draft resolution just communicated to you by the President, allusion is made to communications which the various Governments, in presence of all the elements of information, and of all the documents for which we are indebted to the labors of the Conference, may now usefully exchange through the channels of diplomacy.

The honorable Delegate of Norway is assuredly beyond suspicion; he is one of the most weighty and dangerous representatives of the system which we combat, dangerous by his experience and science, dangerous by the weight of his character. Well, gentlemen, this colleague has said to us:

"In short, there is, unquestionably, a great interest, not in rehabilitating silver, which seems to be impossible, but at least in obstructing its fall. The true means, however, of succeeding, is not arbitrarily to raise the value of that metal in Europe and America, it is to encourage its use in the Oriental countries which still prefer it; in that vast Chinese Empire, scarcely opened up to Europe, in that immense African continent now attacked on all sides, where trade is still carried on only under the primitive form of barter, but where it doubtless would be easy to introduce the use of silver money. In order that the metal may recover from its present discredit. . . ."

I do not give the whole quotation; the Conference well remembers the words of the Delegate of Norway; he added, "the production of gold is still half a millard of francs per annum." No doubt, gentlemen, these Declarations of our honorable colleague do not contain any thing so explicit as the other quotations I have already put before the Conference, yet he acknowledges, in a general way, that something must be done, that silver is in a situation which demands a remedy; and I am not sorry to seize, in passing this avowal, "the production of gold is still half a millard per

annum," which implies that, in Mr. Broch's own mind, the production of gold has sensibly diminished for a certain number of years.

Mr. Pirmez, in the name of Belgium, rose to speak on the 7th May, and made the first of his addresses, for we have had the pleasure, always very great, of hearing him several times.

"It is important," he said, "to establish that the existing situation which, without doubt, is not perfect, contains neither the evils which have been portrayed, nor the dangers with which Europe has been threatened."

"It is certain, that on the payment of the tributes received by the Indian Government from the native princes, and which are fixed at a certain number of rupees, England undergoes a certain loss, inasmuch as she receives a uniform sum, the real value of which has diminished through the fall of the rate of silver. . . ."

"There is little to be said of the States subject to the paper money system. It is evident that for these Powers the financial question controls the monetary question. It is also certain that, considering only the financial standpoint, they might find an advantage in adopting the silver standard, inasmuch as it would furnish them a very legitimate means of discharging their debts at the smallest possible cost."

The Representative of Russia, on the 6th May, 1881, said:

"To deny the dearth of gold is almost denying daylight, and this dearth will probably increase, for from the monetary standpoint, the eventuality of the resumption of specie payments by Italy, by Austria-Hungary, and by Russia, threatens Europe with a great danger.

"It can be warded off only by returning, at least partially, to the use of silver, which has too suddenly been dispensed with, and which has taken its revenge."

The Delegate of the Swiss Confederation, on the 10th May, 1881, said:

"There remains the second point on which I proposed to say a few words, viz., the stock of coined silver existing in the Latin Union. I admit that this is more serious" (remark, gentlemen, that these are all our opponents who speak thus), "and that there are here inconveniences for the present, and elements of danger for the future I think it behooves us to seek a remedy for this state of things."

On the 17th May, the honorable Mr. Fremantle, Delegate of England, declared that his Government will not fail to take into

very serious consideration the conclusions adopted by the Conference.

“It would be very glad to be able, without modifying the situation in which it was placed, and without renouncing the gold standard system, to discover a means of giving its co-operation in the work undertaken by the Conference, namely, the restoration of the value of silver”

The Delegate of Germany, on the 4th July, 1881, said:

“I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio in a certain group of States would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant.”

At the Session of the 4th July, we had the good fortune of hearing my illustrious neighbor, Mr. Dumas. After his speech, Mr. Broch rose and said:

“Mr. Dumas thinks that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces should no longer be coined, in order, proportionally, to increase the use of silver. That, again, is a point on which monometallists are agreed with him, just as they are unanimously in favor of retaining the use of the three metals.”

If I could thus continue my quotations we should end, perhaps, by being all agreed on all points.

England (it is her last Declaration) expressed herself thus two days ago, by the medium of her Delegate.

“Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve a risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

“The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described.”

Such, gentlemen, are the extracts which I wished to place before your eyes in order to impress upon your memory the unanimous assent which has been given to this thesis, that there exists in the world a bad monetary situation to which it is necessary to apply a remedy.

It is satisfactory to be able to say that on this platform we have all, as well monometallists as bimetallists, been unanimous in certifying the existence of the evil. This was the second point, that

is to say, the second useful result, secured by our Conference, which I wished to bring out.

Assuredly we are still divided on the question of principle, the fundamental question.

But, thanks to the candor and good-will of all, we have been unanimous in acknowledging the state of discomfort and the state of suffering. Well, gentlemen, I can not repeat too often, that that is a fact of importance, for morally it binds us all to discover a remedy for a situation which you acknowledge to be bad.

Now, that remedy, gentlemen, you have sought for with untiring industry. That industry is represented by an enormous quantity of documents, of materials, by numerous ideas which have been expressed, by brilliant debates; and all this constitutes, in addition to what I have just said, a very important result.

You have all, with extreme zeal, presented documents which form admirable archives for the question involved, independently of the speeches delivered, the declarations made, and the opinions enunciated. The question is complex and difficult; it subdivides itself; you have treated theoretically and in principle the thesis of monometallism opposed to that of bimetallism; then all the questions involved in silver as an international value with paying power, the question of the fixed ratio between the two metals, the figure of that ratio, etc. All these, gentlemen, constitute questions of the highest importance, and you have so seriously studied these difficult problems that you have now in the record of your Sessions all the elements of a decision.

Could that decision have been formed at once? Why, gentlemen, it would have been a miracle, it was impossible, and, as you have always been animated by an admirable spirit, as you have all felt that the solution of the problem could not be attained immediately, you have, through the natural bent of your mind and of your good dispositions, with extreme frankness, without deviating from your principles, which we thoroughly respect, sought every means which would justify a postponement of the fundamental question. A radical solution can be waited for.

Time may do much for this; facts, always more eloquent than speeches, may, one day, impose this or that solution.

Meanwhile, the various means which some of you have imagined may be examined, may even be combined, may serve as the bases of a treaty by means of which we might, to a certain degree, parry the difficulties of the situation, if even only for a limited

time, by way of experiment, and in order to pass through a kind of phase of transition. All those, therefore, who may, henceforth, devote attention to the monetary question, will find veritable treasures in your records.

Gentlemen, it seems to me that, inasmuch as one of our honorable colleagues had laid before you a proposition for a final adjournment, it was well, in this way, to place before your eyes a kind of summing up, recalling the labors carried on, the results obtained, the road traversed.

And now that we have just made together this retrospect, are we not better able to say to our colleagues, "No!" Can you seriously contemplate the question of your final adjournment.

I confess that, for myself, I should consider this—I should consider this really deplorable. If this was to happen it was not worth while going through all the labor which you have imposed on yourselves; it was useless to accomplish this great task merely, so to speak, to throw it into the waste basket. You would be neither earnest nor brave, if, after some weeks' labor, you were to say, "The matter is too difficult; we must give it up and separate."

I am confident there will be found here a majority, and a considerable majority, to say, "No, no; this is out of the question." There is even, gentlemen, a moral responsibility on us all; we have the cure of souls with regard to the paramount and general interests which have been intrusted to us. We have not the right to abandon our task.

I add, in conclusion, that it would not be worthy of the cause which has brought us together, nor of the views which we have brought to the examination of this question.

I can not, indeed, forget, and shall never forget, that no personal interest has disclosed itself in our discussions; I mean by this, no sentiment peculiar to such and such a nation. Yes, you have always forgotten your frontiers; you have never for a single instant been the Delegates of this or of that nation; you have been true citizens of the whole world; you have always been inspired by the general and permanent interest of mankind, an interest which is here the great law. In order to persevere, gentlemen, in your work, two things are necessary, first, to give the floor to diplomacy, because, at the point of elaboration which we have reached, it may be necessary for the Governments to exchange views; and, secondly, to adjourn for the present till next April, in order then to give, if it so shall happen, a solution to the grand problem,

which is here at stake; for, gentlemen, when a difficult, even very difficult, solution is sought for with the loftiness of view you have brought to your labors, it is to be found.

We, therefore, ask you to pass the resolution which the President has communicated to you.

MR. PIRMEZ, chief Delegate of Belgium, presented the following considerations in support of the resolutions:

I wish, Mr. President, to support, by some very simple considerations, the proposition which is submitted to us.

I should refrain from doing so after Mr. Denormandie's eloquent speech, if the divergency of our views on the very foundation of the monetary question did not seem to me to give a certain value to my words.

A two-fold reason justifies this proposition, in my view; it offers advantages, and it involves no inconvenience.

I shall not, doubtless, be contradicted by any body in affirming that the meeting of States in conference, for treating interests common to all, is always a happy event which brings nations closer together, and is the best means of promoting the progress of international relations. France and the United States have a right to our thanks for having taken the initiative of this Conference, whose object interests all countries.

The monetary question is a question which raises numerous problems. They bear upon a situation which not only is not perfect, but which will not be so unless at a very distant day. Perfection would evidently be the monetary unity of the whole world. How far we are from that, how many stages to be made before reaching it! But, just because we are far from the goal, and because it is difficult to attain, we ought to try and approach it, and every difficulty overcome is a progress. It is, therefore, well not to abandon the examination of a matter in which there is so much to be done.

France and the United States ask us to examine again, next year, the problems not solved. Why should we not assent? The Belgian Government directed its Delegates to take part in these discussions, to examine the questions raised and the solutions proposed, making its sentiments, moreover, freely known. It seems to me to be within its views to accede to any thing that may enlighten the situation, and the adjournment, with the fresh convocation proposed to us, comes within these conditions.

Would there be any inconvenience in this fresh meeting of the Conference?

The honorable Delegate of Sweden appears to me to have been under the idea that to accept this fresh meeting is to acquiesce in the order of ideas of the two great Powers proposing it. Were this the case, I could understand, and should even share his sentiments. But such is not the bearing of the adjournment proposed. The reasons given for justifying it expressly state that each Power retains the plenitude of its liberty. We, therefore, give up nothing of our judgments, our views, our opinions, either on what exists, or on what it behooves us to do. To define, in one word, what will be the position of Delegates coming to this meeting of next spring, I may say, that they will arrive as free from engagements, as unfettered by precedents, as we were at the very outset of this Conference.

The Delegates of Belgium will, therefore, adhere to the motion for adjournment. They will do so the more willingly, because that adhesion will be a homage to the initiative taken by the two great Republics in trying by an international understanding to realize progress in commercial relations.

LORD REAY, Delegate of British India, next spoke, and expressed himself in these terms:

Mr. President, and Gentlemen—My honorable colleague and myself have the honor of accepting the proposition of adjournment, addressed to us by the Powers who invited us here. Reflection will be favorable to a profound study of the new aspect of the situation.

It is scarcely possible to deny that that situation has been sensibly modified by the important declarations and interesting discussions to which we have listened. Before the Conference it was difficult to form an exact idea of the dispositions of the Governments we have had the honor of representing. This is no longer the case. Valuable pledges have been given, not resting, it is true, on identical bases, but testifying a tolerably general conviction that the monetary question appertains to the international domain, and can not be looked at as of merely national interest. In this matter, an international concert is the point to be aimed at. The diplomatic efforts we invoke may accelerate a solution which it would have been presumptuous to try to precipitate. The Declarations which have been made at the Conference are so many proofs of the desire of Governments to arrive at an inter-

national *modus vivendi*, without cherishing the hope of carrying out a universal system. It is allowable to expect that the Governments of his Imperial and Royal Apostolic Majesty, and of his Majesty the Emperor of Russia, will offer the Conference their powerful co-operation for the rehabilitation of silver.

The Government of Her Majesty, the Empress of India, attaches the greatest value to the decisions which those two Governments might take in this question, as well in their own interest as in that of the whole world.

The Delegates of British India will vote, therefore, for the adjournment, not merely for reasons of diplomatic decorum, but in view of the possibility that in the future deliberations of the Conference the two above-named Governments may, by their friendly support, open up new and serious prospects of establishing an international accord.

The, in all points, remarkable Declarations of the Delegates of Italy and the Netherlands are alone, moreover, sufficient to warrant a period of exchange of opinions between Government and Government.

The motion of adjournment proposed by our honorable colleagues of the United States and France has this advantage, that it does not prejudice diplomatic action, which remains unpledged, and of which the initiative will be taken by the Governments of the two Republics.

The Delegates of British India flatter themselves that at the next meeting of the Conference, the statesmen and eminent *savants* composing the Delegations of the United States and France will be able to agree in offering the Conference a programme, giving its labors a practical direction. It would be desirable for that programme carefully to keep within the limits imposed by the action of Governments, and not to aim at the adoption of an absolute theory not previously sanctioned by the Governments. The theorists who will vote for the motion of adjournment will virtually acknowledge that the question is not the application of an economic thesis, but the discovery of a *rapprochement* necessary for escaping the risks of a deplorable crisis.

Science will declare that diplomacy is not an incumbrance, but a valuable ally; and diplomacy on its part will be grateful to science for having opened up new paths. Our task, gentlemen, is too complicated, and embraces too many interests to think of solving at one stroke the problem submitted to us. As just observed by Mr. Denormandie, in his eloquent speech, *audaces fortuna*

juvat can not be our motto. Monetary reforms have not hitherto had the success expected by those inaugurating them; let us, therefore, be prudent. It is evident there are many obstacles to be overcome before succeeding. The Delegates of British India have never been under illusions on this point, and by voting for the adjournment of the Congress, they do not abandon the hopes they have always entertained.

COUNT KUEFSTEIN, chief Delegate of Austria-Hungary, also expressed his concurrence in the motion of adjournment. He would vote for it the more readily, because at the final meeting of the first series of sessions of the Conference, he expressed a fear that, at the date then proposed, the Imperial and Royal Government would not yet find itself in a position to respond to the question which Lord Reay had suggested concerning the entry of Austria-Hungary into a bimetallic union.

An adjournment to next April offered an opportunity for action more in accord with the importance of the suggestion which had been repeated by the honorable Delegate of India, and with the present situation of Austria-Hungary.

The Imperial and Royal Government would conscientiously profit by the delay in studying, and causing examination in both sections of the Empire into the question submitted to it, which involves, indeed, the question of the monetary future of the Empire.

MR. FORSELL, Delegate of Sweden, stated that, while retaining his preference for the definitive closing of the labors of the Conference, he did not deem it right, in view of the declarations just made, and of the express reservation of the rights of the various Governments, to press for the adoption of his proposal.

MR. BROCH, Delegate of Norway, did not hesitate, while also reserving the rights of his Government, to support the motion of adjournment. He was glad to testify that of all the monetary Conferences held since 1867, and in which he had successively taken part, this would have contributed more than any other to elucidating in all directions the serious problems of monetary science. At no Conference had so many valuable documents been presented, nor the various systems been so thoroughly discussed. Theory and practice had had equally brilliant representatives, whose co-operation had been in various ways equally useful. Nevertheless, it was doubtful whether this Conference would have

the considerable results expected from it, viz., the restoration of silver. That restoration seemed impracticable. But there were other apparently secondary, yet important, points on which an accord appeared to be established. There had been almost unanimous acknowledgment of the abuse of small gold coins and small notes, and of the expediency of substituting silver money for them. It had also been testified that there was much to be done in improving the monetary situation, by revising the legislation on banks and establishments of credit in general. On this subject one might ask whether it would not be advantageous to borrow from Scandinavian legislation a provision which had hitherto been confined to the three Kingdoms, and which conferred on the banks of those States the faculty of having a certain portion of their stock deposited in the great foreign banks of issue. This means would perhaps contribute to relieving the money market, a result desirable for the whole world, particularly for a country like Norway, where commerce and the mercantile marine formed the chief elements of national wealth.

After this speech, the motion of adjournment was again read by the President, put to the vote, and adopted unanimously by the members voting.

It was next agreed that the minutes of the Session should be communicated in proofs to the delegates, and, after revision, added to the minutes of the 9th, 10th, 11th, and 12th Sessions, so as to form the collection of the labors of the Second Session of the Conference.

SIR LOUIS MALLET, chief Delegate of British India, rose to submit a document.

I have the honor, he said, of laying on the table of the Conference, observations which have been handed to us in reply to the questions addressed to us by Mr. Cernuschi, at the 6th Session. (See p. 216.) The questions did not seem to us to be of a nature allowing of official replies by the Indian Government, and were consequently submitted to competent persons in London not belonging to the Administration, and I have the honor of presenting to you their respective replies just as we received them.¹

But I should add, that while submitting these documents to the judgment of the Conference, the Delegates of India can not accept any responsibility for the opinions or facts contained in them.

¹ Exhibit B, p. 524.

I ask permission, at the same time, to present to the Conference two tables respecting the commerce of British India and the public debt.¹

Mr. FORSSELL, Delegate of Sweden, presented to the Conference the response which the banks of issue in Sweden had made concerning the monetary question.²

BARON VON THIELMANN, chief Delegate of Germany, felt bound, as an interpreter of the sentiments of all his colleagues, to offer, at the moment the Conference was separating, to the French Minister of Finance the expression of their thanks for the honor he had done them in accepting the Presidency, and for the uniform impartiality with which he had directed the debates.

He likewise begged The President to express to the Government of the French Republic the sentiments of gratitude on the part of the Delegates for the gracious hospitality which has been offered them.

He evinced, at the same time, his regret that reasons beyond his own control had prevented Mr. Vrolik, Vice-President of the Conference, from taking part in this last phase of its deliberations, and he begged Mr. Pierson to convey to Mr. Vrolik the expression of this unanimous feeling, as also the wishes formed by the entire Conference for the speedy restoration of Mr. Vrolik's health.

THE PRESIDENT cordially concurred in Baron Von Thielmann's concluding words. He would also make it his duty to express to the French Government, the sentiments which had been so courteously expressed to him. As regarded himself, he thanked the chief Delegate of Germany for the feeling, which he felt to be so flattering, to which utterance had just been given.

THE PRESIDENT expressed also the pride he felt in directing the labors of the Conference. It would be one of his pleasantest recollections, and the greatest honor of his political life. He recognized the brilliancy, the learning, and the sagacity with which the Conference had treated the great and manifold questions submitted to its examination. He especially congratulated it on having by its last act assured the continuance of the discussion, and paved the way for the solution of the monetary problem. He believed he could say to all the Delegates, if not as minister, certainly as friend: *Au revoir* in April, 1882.

¹ Exhibit C, p. 529.

² Exhibit D, p. 541.

Mr. PIERSON, Delegate of the Netherlands, thanked the Conference for the sentiments of sympathy just manifested by it for Mr. Vrolik, to whom he would not fail to convey the expression of them.

Thanks were then voted to the Secretaries, on the motion of Mr. Pirmez, chief Delegate of Belgium.

The Conference separated at 4.30 p. m.

Tuesday, July 12th, 1881.—According to the resolution adopted by the Conference at its 13th meeting, a proof of the journal of the last Session was addressed to the different Delegates, and submitted in that manner for their approval.

EXHIBITS OF THIRTEENTH SESSION.

EXHIBIT A.

(Presented by MR. DUMAS, p. 501.)

STATEMENT OF GOLD AND SILVER DELIVERED TO THE TRADE BY THE CHIEF REFINING ESTABLISHMENT OF FRANCE.

	Pure Silver.	Alloyed Silver at .500.	Nitrate at .635.	Gold at 1,000	Alloyed Gold at .766.	Chloride at .647.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
1872.....	13,500	1,109	4,713	424	74	4
1873.....	16,000	3,195	5,580	445	82	8
1874.....	17,800	6,200	6,868	455	81	13
1875.....	20,529	6,167	6,800	470	71	25
1876.....	18,000	7,140	5,345	407	64	16
1877.....	15,700	10,900	5,200	343	56	10
1878.....	18,252	8,258	6,609	371	63	13
1879.....	17,190	7,963	5,400	349	57	15
1880.....	19,578	6,000	5,900	380	55	16
Total.....	156,549	56,932	51,415	3,644	603	120
Net Annual Average at 1,000.....	17,394	3,163	3,627	405	51.300	8.600

The Consumption to be inferred from this Table, if we admit that the other Refiners in Paris represent a Trade half as great as that of this House, may be Estimated at—

	Galvanized Plate and Inlaid Work.	Wire for Braid, etc.	Silver for Photo- graphers.	Galvanized Gilding.	Mercury Gilding.	Gold for Photo- graphers.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
C. L. A.....	17,394	3,163	3,627	405	51 300	8 600
Other Houses, 50 per cent.....	8,697	1,581	1,813	202	25 700	4 400
Total.....	26,091	4,744	5,440	607	77 000	13 000

EXHIBIT B.

(Presented by SIR LOUIS MALLET, page 123.)

ANSWERS FURNISHED TO THE INDIAN DELEGATES IN REPLY
TO THE QUESTIONS PUT BY MR. CERNUSCHI, AT THE
SIXTH MEETING OF THE CONFERENCE.¹

QUESTION XVIII.

A.—Quite true.

B.—Very large amounts of silver arrived from the West Indies and Pacific, which were all taken for India, together with considerable sums in taos and 5-franc pieces from the Continent.

C.—When the balance of trade between this country and India necessitated an export of silver to India, and the price of the metal here allowed of the profitable import of 5-franc pieces into England, those coins naturally flowed to this country from France as an arbitrage operation.

D.—When silver was required by English merchants at short notice for transmission to the Eastward, if the requisite quantity was not in London, they would, in all probability, apply to the Continent for it, as the nearest market after London.

QUESTION XIX.

A.—No doubt.

B.—Very large amounts of silver were received from Belgium and Holland, as well as France, and payments were made in gold, as well as in bills and goods.

C.—The capability of the continental monometallic States, of supplying silver to England, was not put to the test to any appreciable extent, because France had a double standard and supplied the demand. Had the price of silver risen to a point at which it could have been profitably imported from those States it would have found its way here, and been paid for by exports either of securities or commodities.

D.—The silver monometallic States of the Continent would naturally be influenced by the relative prices of silver and gold at the time. If giving silver for gold would yield a profit, they would probably supply it to some extent, as the transaction would be advantageous, although gold had not a forced circulation. [The form in which this question is put, commencing "Is it not the fact" is ill adapted to the nature of the inquiries in Questions XVIII., XIX., XX.]

QUESTION XX.

A.—Silver was generally obtained from France, and, no doubt, the effect of the alteration in the rate of exchange caused by a demand for silver, was to

(1) See remarks of Sir Louis Mallet on the above answers, p. 259 of the Journals.

give France rather more than 1 kilo. of gold for $15\frac{1}{2}$ of silver. The converse also holds good.

B.—Yes, chiefly. The price, of course, varied with the exchange of France on England. Not always to France. Large amounts were sold to Belgium and Germany before the latter country declared for a gold currency.

C.—The first portion of the question is answered under No. XVIII. As regards the second clause, relating to silver arriving in London, that metal being a commodity would be offered to the best buyer, whether India or any other country.

D.—When the price of silver in London was above the rate of 1 to $15\frac{1}{2}$, silver would flow to London from bimetallic countries. If silver had arrived in London in excess of the demand for it, and the price was below that rate, English merchants requiring gold would have to give more than $15\frac{1}{2}$ of silver for one of gold.

QUESTION XXI.

A.—Quite correct.

B.—Yes. Yes. Yes.

C.—The seigniorage and other mint charges on silver at Bombay and Calcutta amount to about 22 per mille. The freight for bullion and specie between London and Calcutta or Bombay was, at one time, 2 per cent., but it was reduced to 1 per cent. before the opening of the Suez Canal. The loss of interest was not lessened by the Canal route being opened, because bullion and specie had previously been transported by rail from Alexandria to Suez, and reshipped thence.

D.—The cost of mintage of silver at Calcutta and Bombay is 2 per cent. The freight on bullion between London and Calcutta or Bombay has varied from time to time, and special arrangements have been made by the Government in regard to their shipments. The longer the voyage, the greater must have been the loss of interest.

QUESTION XXII.

A.—If India had been gold monometallic (France remaining bimetallic), of course, if gold were wanted as a remittance to India, and were obtained from France by giving more silver than $15\frac{1}{2}$ to 1, it (the gold) would cost in India something like $5\frac{1}{2}$ per cent. over par value, and if sent from India, after deduction of freight charges and insurance, would have realized only about $96\frac{1}{2}$ to 100.

B.—There would have been a large oscillation, but I can scarcely think it would have been so large as 10 to 12 per cent.

C.—If, with a monometallic gold currency in India, the English gold coins were not made a legal tender there, and if the mint charges were, under that supposition, as heavy as they now are for a silver currency, and, moreover, if the cost of the transmission of the precious metals to India had never been reduced, the range of oscillation in the exchange might be as great as is stated in the question.

D.—Had India been gold monometallic, like England, the variation in the exchange would have been mainly dependent on the cost of transport, insurance, loss of interest, mintage, and brokerage, and the limit of oscillation would rarely, I apprehend, have exceeded from 5 to 6 per cent. below par, and 5 to 6 per cent. above.

QUESTION XXIII.

A.—It seems to me that, under no circumstances, could the extreme oscillations of value have been more than the total of freight and expenses both ways; but within these bounds there must always be a greater or less oscillation.

B.—An Indian bank would be best able to give the required information.

C.—The supposition under Q. XXII. is that of India having a gold monometallic currency, but this question seems to refer to the existing state of things, and, if so, is not applicable.

D.—Oscillations of exchange could not have been avoided.

QUESTION XXIV.

A.—Of course, because the quotation in London is in gold.

B.—Yes, with regard to India; but there were times previous to 1874 when the Continent were buyers of silver at higher rates than Indian banks could give.

C.—On the same supposition of India having a gold currency, the price of silver would not in that case have been effected by the oscillations in the gold exchange.

D.—The oscillations of exchange affected the quotation of silver in London; but it must not be assumed from this answer that those oscillations had a very potent influence in that respect, the price of silver being also greatly dependent on the supply and demand, and on the quantity continuously required for transmission to the East.

QUESTION XXV.

A.—From 1865 to 1872 the price of silver was extremely steady at an average of $60\frac{1}{2}d$; in 1873, Germany demonetized, and the average declined to $59\frac{1}{4}d$, and in the following year to $58\frac{1}{4}d$; in 1876, the lowest price of silver was reached, $46\frac{3}{4}d$.

B.—The average price of silver has been more irregular since 1874.

C.—The greatest oscillations prior to the opening of the Canal occurred during the American civil war, which caused an abnormal export of cotton from India. Apart from that particular cause and period, the oscillations in the Exchange and the quotations of silver up to the year 1874 were similar both before and after the opening of the Suez Canal.

D.—Questions XXV. and XXVI. can be answered most satisfactorily by statements prepared from the best information obtainable.

QUESTION XXVI.

A.—From 1865 till 1873, the average value of rupees was about $1s. 10\frac{3}{4}d$; in 1874 about $1s. 10\frac{1}{4}d$; afterwards a considerable decline, and in 1878 the average was about $1s. 8d$.

B.—Can not say as regards the rupee. This price of $60\frac{1}{16}d$ would be about the average of 20 years prior to 1874.

C.—Excluding the period of inflation, referred to in the previous answer, the average quotation of exchange prior to 1874, was probably one penny per rupee higher than that stated in the question, and the average price of silver was probably about $60\frac{1}{2}d$, or $61d$.

QUESTION XXVII.

A.—This question is rather vague; but, so far as I understand it, must be answered in the affirmative.

B.—Neither gold nor silver are interest-bearing securities; consequently, whenever there are arrivals of either metal, they are at once sold for cash, either for remittance to the Continent, or, if gold be not required on the Continent, it is then sold to the Bank. The quotations, of course, varied from day to day, according to the Exchanges on India or the Continent.

C.—Silver being a mere commodity in England, no interest could accrue upon it if held; and the price, like that of all other commodities, is regulated by the supply and demand.

D.—The meaning of this question appears to me to be obscure. Silver, like any article of merchandise, could not remain unused in England for a time, without interest on its value for that time being lost. The holder looks to obtaining compensation and profit from improvement in price.

QUESTION XXVIII.

A.—No doubt this was so.

B.—Only Indian Banks, who jealously kept such information to themselves, could answer this question.

C.—The balance of trade has been generally in favor of India, and it has only been on very rare occasions that Banks in India could sell their bills on London profitably against shipments of silver to Europe.

D.—When the price of silver has been much below the French ratio of 1 to $15\frac{1}{2}$, Calcutta and Bombay bankers have been able, when selling bills on London, to require more rupees than were represented in the French ratio.

QUESTION XXIX.

A.—Of course, the price of bills was limited by the value of silver in Paris ($15\frac{1}{2}$ to 1), minus freight, insurance, and interest on shipments of silver.

B.—Refer to an Indian Bank.

C.—Exchange in India could certainly not fall below the point at which rupees could be converted into silver bullion, and exported thence to silver-using countries in Europe.

D.—So long as the receipt and coinage of silver in Paris in the ratio of 1 to $15\frac{1}{2}$ was unrestricted, the oscillations in the exchange with India were, to some extent, limited. The "disappearance" of French bimetallism has tended greatly to depreciate the value of silver, and, as a consequence, the exchangeable value of the rupee.

QUESTION XXX.

A.—Yes.

B.—Yes. But there were, and are often, orders for the Bazaars in India, where silver is at a premium, which cause orders for the metal here, quite irrespective of Exchange operations.

C.—When India was a buyer of silver at a price in gold higher than the ratio of $15\frac{1}{2}$ to 1, the Council bills would be sold at a corresponding equivalent rate.

QUESTION XXXI.

A.—Obviously.

B.—Can not say.

C.—Yes.

QUESTION XXXII.

B.—If it has been, which I am not prepared to admit, the fact of France having, of late years, been almost out of the market as a seller of silver, must have caused a better demand for the Council drafts, which have, therefore, obtained a better price.

C.—It is a disadvantage to the Indian Treasury with respect to the amount of the payments which the Treasury has to make in gold; but, whether there has not been a corresponding gain in the revenues payable in silver, is a question open to discussion.

D.—The change in French bimetallism has been very injurious to the Indian Treasury.

QUESTION XXXIII.

B.—The Government only can answer this question.

C.—To be answered from the Governments records.

D.—The rupee, not having a fixed value in gold, it is not practicable to state precisely the loss on exchange in the years in question. An approximate estimate only could be furnished.

QUESTION XXXIV.

B.—The India Council could answer this from their own estimates.

C.—*Idem.*

EXHIBIT C.

(Presented by SIR LOUIS MALLET. page 529.)

STATEMENT OF THE COMMERCE OF BRITISH INDIA, OF THE EXPORTATION OF GOLD AND SILVER, AND OF THE PUBLIC DEBT.

BRITISH INDIA.

- (1.)—Imports and Exports of Merchandise and Treasure, with sums obtained for Bills drawn by the Court or Council on India, for the years 1855-1856 to 1879-1880, and the Average Rate of Exchange obtained for those Bills.
- (2.)—Value of Gold and Silver imported into, or exported from, India, for the years from 1855-1856 to 1879-1880.
- (3.)—Imports and Exports of Gold and Silver in periods of Ten years, from 1835-1836 to 1874-1875, and for the five years from 1875-1876 to 1879-1880.
- (4.)—Value of Gold and Silver Coinage in the Indian Mints from 1855-1856 to 1879-1880.
- (5.)—Currency Notes in Circulation, Coin and Bullion Reserve, and Government Securities held by the Department of Issue of Paper Currency.
- (6.)—Imports of Gold from 1868-1869 to 1879-1880 (details).
- (7.)—Imports of Silver from 1868-1869 to 1879-1880 (details).
- (8.)—Exports of Gold from 1868-1869 to 1879-1880 (details).
- (9.)—Exports of Silver from 1868-1869 to 1879-1880 (details).

EAST INDIA (LOANS RAISED IN INDIA).

- (10.)—Return of all Loans raised in India, chargeable on the Revenues of India, outstanding at the commencement of the Half-year ended on the 30th September, 1880, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

Note.—The "Year" in these Tables is the "Official" Year in all cases (*id est*, ending the 31st of March).

(1.)—VALUE OF MERCHANDISE AND TREASURE respectively Imported into and Exported from British India by Sea, from and to Foreign Countries, and of the Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in India, in each of the undermentioned Official Years, and the Average Rate of Exchange obtained for those Bills.

Official Years.	Imports.			Exports.			Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in India.	Average Rate of Exchange for Bills on India.		
	Merchandise.		Treasure.	Total.	Merchandise.				Treasure.	Total.
	£.	£.	£.	£.	£.	£.			£.	s. d.
1855-1856.....	13,943,494	*11,301,288	25,244,782	23,039,268	*601,177	23,640,445	1,484,040	2 — 1/8		
1856-1857.....	14,194,587	14,413,697	28,608,284	25,338,451	*1,253,426	26,591,877	2,819,711	2 — 1/8		
1857-1858.....	15,277,629	*15,815,436	31,093,065	27,456,036	*822,438	28,278,474	628,499	2 — 5/8		
1858-1859.....	21,728,579	*12,817,071	34,545,650	29,862,871	*669,427	30,532,298	25,901	+		
1859-1860.....	24,265,140	16,356,963	40,622,103	27,960,203	*929,007	28,889,210	4,694	+		
1860-1861.....	23,493,716	10,677,077	34,170,793	32,970,605	*1,119,549	34,090,154	797	+		
1861-1862.....	22,320,432	*14,951,985	37,272,417	36,317,042	*683,355	37,000,397	1,193,729	1 11 7/8		
1862-1863.....	22,632,384	20,508,967	43,141,351	47,859,645	*1,111,140	48,970,785	6,641,576	1 11 7/8		
1863-1864.....	27,145,590	22,962,581	50,108,171	65,625,449	*1,270,435	66,895,884	8,979,521	1 11 7/8		
1864-1865.....	28,150,923	21,363,352	49,514,275	68,027,016	*1,144,775	69,471,791	6,789,473	1 11 7/8		
1865-1866.....	29,599,228	26,557,301	56,156,529	65,491,123	*2,165,352	67,656,475	6,998,899	1 11 3/4		
1866-1867 (11 months).....	29,038,715	13,236,905	42,275,620	41,859,994	2,431,503	44,291,497	5,613,746	1 11		
1867-1868.....	35,705,783	11,775,374	47,481,157	50,874,056	1,571,946	52,446,002	4,137,285	1 11 1/8		
1868-1869.....	35,990,142	15,155,954	51,146,096	53,062,165	1,395,580	54,457,745	3,705,741	1 11 1/8		
1869-1870.....	32,927,520	13,954,807	46,882,327	52,471,376	1,042,353	53,513,729	6,980,122	1 11 1/4		
1870-1871.....	34,469,119	5,444,823	39,913,942	55,336,186	2,220,765	57,556,951	8,443,509	1 10 1/2		
1871-1872.....	32,091,850	11,573,813	43,665,663	63,209,282	1,476,094	64,685,376	10,310,339	1 11 3/8		
1872-1873.....	31,874,625	4,556,585	36,431,210	55,250,763	1,298,079	56,548,842	13,939,095	1 10 3/4		
1873-1874.....	33,836,828	5,792,534	39,612,362	54,996,010	1,914,071	56,910,081	13,285,678	1 10 3/8		
1874-1875.....	36,222,113	8,141,047	44,363,160	56,359,240	1,625,309	57,984,549	10,841,615	1 10 1/8		
1875-1876.....	38,891,656	5,300,722	44,192,378	58,091,494	2,200,236	60,281,730	12,389,613	1 9 5/8		
1876-1877.....	37,440,631	11,436,120	48,876,751	61,013,891	4,029,898	65,043,789	12,695,799	1 8 1/2		
1877-1878.....	41,464,185	17,355,459	58,819,644	65,222,328	2,210,995	67,433,323	10,134,455	1 8 3/4		
1878-1879.....	37,800,595	7,056,749	44,857,344	60,937,513	3,982,228	64,919,741	13,948,565	1 7 3/4		
1879-1880.....	41,172,567	11,654,894	52,827,461	67,210,741	2,035,147	69,245,888	15,261,810	1 8		
Totals for 25 Years, 1855-1856 to 1879-1880.....	741,661,031	330,161,504	1,071,822,535	1,245,842,748	41,504,285	1,287,347,033	177,254,212			

* These figures include copper, of which the aggregate imports amounted to 210L., and the aggregate exports to 34,976L., the value in no year being so high as 10,000L.
 + In consequence of the mutiny, it was necessary to refrain from drawing on India, and the exchange was raised to a prohibitory rate.

(2).—VALUE OF GOLD AND SILVER RESPECTIVELY IMPORTED INTO AND EXPORTED FROM BRITISH INDIA FROM
AND TO FOREIGN PARTS, IN EACH OF THE UNDERMENTIONED OFFICIAL YEARS.

Official Years.	Imports.			Exports.			Surplus of Imports.		
	Gold.	Silver.	Total.	Gold.	Silver.	Total.	Gold.	Silver.	Total.
1855-1856.....	£. 2,508,353	£. 8,792,793	£. 11,301,146	£. 2,108	£. 598,418	£. 600,526	£. 2,506,245	£. 8,194,375	£. 10,700,620
1856-1857.....	2,176,002	12,237,695	14,413,697	84,788	1,164,448	1,249,236	2,091,214	11,073,247	13,164,461
1857-1858.....	2,830,084	12,985,332	15,815,416	47,011	766,384	813,395	2,783,073	12,218,948	15,002,021
1858-1859.....	4,437,339	8,379,692	12,817,031	10,886	651,350	662,236	4,426,453	7,728,342	12,154,795
1859-1860.....	4,288,037	12,068,926	16,356,963	3,803	921,363	925,166	4,284,234	11,147,563	15,431,797
1860-1861.....	4,242,441	6,434,630	10,577,067	9,872	1,106,627	1,116,499	4,232,569	5,328,009	9,560,578
1861-1862.....	5,190,432	9,761,545	14,951,977	6,007	675,089	681,096	5,184,425	9,086,456	14,270,881
1862-1863.....	6,881,569	13,627,398	20,508,967	33,410	1,077,243	1,110,653	6,848,159	12,550,155	19,398,314
1863-1864.....	8,925,412	14,037,169	22,962,581	27,106	1,240,450	1,267,556	8,898,306	12,796,719	21,695,025
1864-1865.....	9,875,032	11,488,320	21,363,352	35,068	1,409,522	1,444,590	9,839,964	10,078,798	19,918,762
1865-1866.....	6,372,894	20,184,407	26,557,301	648,418	1,515,734	2,164,152	5,724,476	18,668,673	24,393,149
1866-1867 (11 months).....	4,581,472	8,655,433	13,236,905	739,144	1,692,359	2,431,503	3,842,328	6,963,074	10,805,402
1867-1868.....	4,775,924	6,999,450	11,775,374	166,457	1,405,489	1,571,946	4,609,467	5,593,961	10,203,428
1868-1869.....	5,176,976	9,978,978	15,155,954	17,624	1,377,956	1,395,580	5,169,352	8,601,022	13,760,374
1869-1870.....	5,690,400	8,264,407	13,954,807	98,283	944,070	1,042,353	5,592,117	7,320,337	12,912,454
1870-1871.....	2,782,574	2,662,249	5,444,823	500,453	1,720,312	2,220,765	2,282,121	941,937	3,224,058
1871-1872.....	3,573,778	8,000,035	11,573,813	8,434	1,487,208	1,495,642	3,565,344	6,512,827	10,078,171
1872-1873.....	2,622,371	1,934,214	4,556,585	79,009	1,229,570	1,308,579	2,543,362	704,644	3,248,006
1873-1874.....	1,648,807	4,143,726	5,792,533	266,169	1,692,343	1,958,512	1,382,638	2,451,383	3,834,021
1874-1875.....	2,089,236	6,051,810	8,141,046	215,701	1,409,608	1,625,309	1,873,535	4,642,202	6,515,737
1875-1876.....	1,836,381	3,464,341	5,300,722	291,250	1,908,986	2,200,236	1,545,131	1,555,355	3,100,486
1876-1877.....	1,443,712	9,992,408	11,436,120	1,236,362	2,793,536	4,029,898	207,350	7,198,872	7,406,222
1877-1878.....	1,578,927	15,776,532	17,355,459	1,110,798	1,100,197	2,210,995	468,129	14,676,335	15,144,464
1878-1879.....	1,463,050	5,593,699	7,056,749	8,359,223	1,623,005	3,982,228	896,173	3,970,694	3,074,521
1879-1880.....	2,050,393	9,605,002	11,655,395	299,889	1,735,259	2,035,148	1,750,494	7,869,743	9,620,237
Totals for 25 Years, 1855 -1856 to 1879-1880.....	99,041,596	231,120,197	330,101,793	8,297,273	33,246,826	41,544,099	91,640,486	197,873,671	288,617,984

Treasure on account of Government is included in the above figures.

(3.)—SUMMARY FOR EACH PERIOD OF 10 YEARS FROM 1835-36 TO 1874-75, AND FOR THE FIVE YEARS FROM 1875-76 TO 1879-80.

OFFICIAL YEAR.	Imports.			Exports.			Surplus of Imports.			Amount obtained for Bills of Exchange drawn in England in the several Governments in India.
	Gold.	Silver.	Total.	Gold.	Silver.	Total.	Gold.	Silver.	Total.	
1835-1836 to 1844-1845.....	£. 3,358,611	£. 25,023,303	£. 28,381,914	£. 61,812	£. 4,488,634	£. 4,550,446	£. 3,296,799	£. 20,534,669	£. 23,831,468	£. 19,859,640
1845-1846 to 1854-1855.....	10,811,502	26,780,829	37,592,331	529,109	11,453,820	11,982,929	10,282,393	15,327,009	25,609,402	29,380,214
1855-1856 to 1864-1865.....	51,354,701	109,813,506	161,168,207	260,059	9,610,894	9,870,953	51,094,642	100,202,612	151,297,254	28,567,941
1865-1866 to 1874-1875.....	39,314,432	76,874,709	116,189,141	2,739,692	14,474,649	17,214,341	36,574,740	62,400,060	98,974,800	84,256,029
4875-1876 to 1879-1880 (5 years)	8,372,463	44,431,982	52,804,445	5,297,522	9,161,283	14,458,805	3,971,104	35,270,999	38,345,930	64,430,242

(4.)—VALUE OF GOLD AND SILVER COINAGE IN THE MINTS OF CALCUTTA, MADRAS,* AND BOMBAY, FROM 1855-1856 TO 1879-1880.

Official Years.	Gold.	Silver.	Total.
	£.	£.	£.
1855-1856.. .. .	167,863	6,973,659	7,141,522
1856-1867.. .. .	128,302	10,779,286	10,907,588
1857-1858.. .. .	43,783	12,551,303	12,595,086
1858-1859.. .. .	132,273	6,542,267	6,674,540
1859-1860.. .. .	64,307	10,677,924	10,742,231
1860-1861.. .. .	65,038	5,192,328	5,257,366
1861-1862.. .. .	58,667	7,070,830	7,129,497
1862-1863.. .. .	130,666	9,251,468	9,382,134
1863-1864.. .. .	54,354	11,477,425	11,531,779
1864-1865.. .. .	95,672	10,358,423	10,454,095
1865-1866.. .. .	17,665	14,507,049	14,524,714
1866-1867.. .. .	27,725	6,118,857	6,146,582
1867-1868.. .. .	21,534	4,313,285	4,334,819
1868-1869.. .. .	25,166	4,207,031	4,232,187
1869-1870.. .. .	78,510	7,473,560	7,552,070
1870-1871.. .. .	4,143	1,718,197	1,722,340
1871-1872.. .. .	15,412	1,690,394	1,705,806
1872-1873.. .. .	31,795	3,980,927	4,012,722
1873-1874.. .. .	15,498	2,370,013	2,385,511
1874-1875.. .. .	14,034	4,896,884	4,910,918
1875-1876.. .. .	17,150	2,550,218	2,567,368
1876-1877.. .. .	.....	6,271,122	6,271,122
1877-1878.. .. .	15,636	16,180,326	16,195,962
1878-1879.. .. .	85	7,210,770	7,210,855
1879-1880.. .. .	126	10,250,000	10,250,126
Totals for the 25 Years, 1855-1856 to 1879-1880	1,225,394	184,613,540	185,838,934

* The Madras Mint was closed on the 31st August, 1869.

(5).—AMOUNT OF GOVERNMENT CURRENCY NOTES IN CIRCULATION, AND AMOUNT OF COIN AND BULLION RESERVE AND GOVERNMENT SECURITIES HELD BY THE DEPARTMENT OF ISSUE OF PAPER CURRENCY.*

DATES.	Notes in Circulation.	Silver Coin Reserve.	Silver Bullion Reserve.	Gold Bullion Reserve.	Reserve in Govern- ment Se- curities.	Total Reserve.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1 January, 1863.....	4,52,00,000	3,04,51,139	79,00,000	.....	68,48,861	4,52,00,000
1 " 1864	5,11,00,000	1,93,22,868	1,17,00,000	.....	2,00,77,132	5,11,00,000
1 " 1865	7,47,91,340	3,46,96,329	97,00,000	.....	3,03,95,011	7,47,91,340
1 " 1866	7,39,62,440	1,70,19,908	1,55,90,000	15,50,000	3,98,02,532	7,39,62,440
1 " 1867	9,95,94,590	5,67,10,172	62,42,878	2,12,130	3,64,29,409	9,95,94,590
1 " 1868	10,32,36,590	6,56,06,829	49,61,718	1,47,495	3,25,20,548	10,32,36,590
1 " 1869	10,29,98,460	5,57,16,019	79,61,718	1,47,495	3,91,73,228	10,29,98,460
1 " 1870	11,30,89,780	5,83,19,932	1,44,84,718	3,12,495	3,99,72,635	11,30,89,780
1 " 1871	10,35,19,850	6,63,11,487	46,23,859	3,12,495	3,22,72,009	10,35,19,850
1 " 1872	10,86,90,410	6,34,40,536	1,23,20,022	72,495	3,28,57,357	10,86,90,410
1 " 1873	12,87,55,030	5,93,00,413	1,24,42,594	72,495	5,69,39,528	12,87,55,030
1 " 1874	10,91,07,985	4,74,72,880	46,23,082	72,495	5,69,39,528	10,91,07,985
1 " 1875	11,08,12,030	4,38,87,827	99,12,180	72,495	5,69,39,528	11,08,12,030
1 " 1876	11,21,58,630	4,72,49,572	78,97,035	72,495	5,69,39,528	11,21,58,630
1 " 1877	11,97,19,655	4,62,69,264	1,54,40,613	.....	5,80,09,778	11,97,19,655
1 " 1878	15,04,62,480	5,90,61,711	3,44,68,303	.....	5,69,32,466	15,04,62,480
1 " 1879	12,68,61,370	6,05,26,658	63,57,306	.....	5,99,77,406	12,68,61,370
1 " 1880	13,79,76,495	6,47,40,698	1,35,73,541	.....	5,99,97,256	†13,83,11,495
1 " 1881	14,32,68,925	7,99,46,042	33,52,136	.....	5,99,70,747	14,32,68,925

* The Paper Currency Department began operations on the 1st of March, 1862.

† Including Rs. 3,35,000 for bills outstanding.

(6.)—VALUE OF IMPORTS OF GOLD FROM 1868-69 TO 1879-80.

YEARS ENDED 31ST MARCH.												
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez.....	1,595,893	1,609,484	498,207	1,340,696	751,417	273,472	454,621	267,228	480,666	203,093	205,582	302,103
France and other European Countries.....	53,759	38,349	12,962	13,733	12,339	3,117	24,170	7,523	16,433	10,214	13,060	24,574
Africa, including Mauritius and Réunion.	43,607	25,268	7,301	60,764	130,463	18,751	29,797	74,971	216,085	311,276	193,163	10
Aden.....	10,588	23,792	25,863	26,874	29,537	31,830	27,680	27,720	23,070	22,714	20,095	16,182
Arabia, or Red Sea Ports.....	69,198	62,398	112,876	92,451	147,986	160,821	205,902	162,633	128,957	81,920	104,614	160,803
Ceylon.....	1,549,007	1,889,711	350,217	349,190	235,665	86,282	106,683	132,572	52,926	36,898	37,917	28,641
China.....	1,501,210	1,542,785	1,505,352	1,331,746	860,968	812,651	1,083,584	1,032,982	406,029	845,212	832,979	1,184,169
Persia and Persian Gulf.....	52,209	55,823	40,296	27,829	43,144	70,341	80,336	15,788	11,159	3,903	1,318	1,642
Straits Settlements.....	41,189	24,776	16,280	22,325	44,029	17,023	23,087	36,587	28,047	31,385	13,714	29,153
Turkey in Asia and Japan.....	.....	15	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Australia.....	260,286	417,999	213,220	308,107	366,473	174,520	50,376	28,166	28,028	21,422	28,937	8,041
Other Countries not stated.....	30	.....	.....	.....	350	.....	3,000	50,211	52,312	10,890	11,671	295,065
Total.....	5,176,976	5,690,400	2,782,574	3,573,778	2,622,371	1,648,808	2,089,236	1,836,881	1,443,712	1,578,927	1,463,050	2,050,393

(7).—VALUE OF IMPORTS OF SILVER FROM 1868-69 TO 1879-80.

YEARS ENDING 31ST MARCH.												
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
United Kingdom, including Suez	£. 3,165,863	£. 2,041,224	£. 200,796	£. 5,560,815	£. 1,107,329	£. 2,147,305	£. 4,376,881	£. 1,979,566	£. 7,305,278	£. 12,716,330	£. 2,838,681	£. 4,713,976
France and other European Countries	906,199	337,783	87,964	201,491	12,191	89,748	116,787	282,208	1,177,567	203,332	60,161	471,276
Africa, including Mauritius and Réunion.	39,694	90,995	49,216	25,688	16,096	12,619	207,296	67,536	61,849	48,163	40,836	164,582
Aden	91,501	83,831	89,216	61,868	46,325	30,856	34,518	43,682	39,814	38,962	11,984	25,805
Arabia, or Red Sea Ports	93,487	98,321	112,555	124,695	146,756	129,426	109,518	226,577	257,950	286,192	251,916	258,755
Ceylon	892,735	666,310	180,706	265,492	184,477	317,902	322,686	292,948	342,218	160,548	257,406	536,213
China	2,953,835	3,707,567	1,247,854	1,324,141	161,273	912,967	353,303	349,507	610,472	1,761,728	1,811,873	2,823,714
Persia and Persian Gulf	562,658	294,245	418,850	303,539	180,561	226,421	257,318	41,052	34,886	44,740	48,441	53,827
Straits Settlements	484,952	476,091	182,645	109,990	59,867	251,623	249,732	83,995	79,309	359,120	138,862	115,854
Australia .....	.....	1,080	.....	18	.....	.....	214	.....	325	64,400	.....	.....
Other Countries	*788,054	466,960	92,447	22,298	19,339	24,859	23,558	97,270	82,740	93,017	133,539	440,500
Total	9,978,978	8,264,407	2,662,249	8,000,035	1,934,214	4,143,726	6,051,811	3,464,341	9,992,408	15,776,532	5,593,699	9,604,502

* £778,429 from Abyssinia.

(8.)—VALUE OF EXPORTS OF GOLD FROM 1868-69 TO 1879-80.

YEARS ENDED 31ST MARCH.												
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
United Kingdom, including Suez.....	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
France and other European Countries.....		62	481,915	34	122	255,943	207,230	244,878	1,200,399	1,083,532	2,351,496	287,040
Africa, including Mauritius and Réunion.....		6	7,950		550		6,159	42,153	28,970	524	365	2,000
Aden.....								150			450	1,816
Arabia, or Red Sea Ports.....	730	450	270	245		85	240	170	300	220	1,836	130
Ceylon.....					265			30		215		94
China.....		1,806	771	600	50,200		48	1,669	4,723	60	606	7,316
Persia and Persian Gulf.....	75	66,000	44		2,007	90	77		200	37		
Straits Settlements.....	8,644	24,750	6,088	7,325	10,203	9,210	1,590	200		610		50
Australia.....	7,675	4,418	415	100	10,445	841	317	2,000	1,770		3,020	94
Other Countries.....	500	791	3,000	130	5,217		40					
										25,600	1,450	500
Total.....	17,624	98,283	500,453	8,434	79,009	266,169	215,701	291,250	1,236,362	1,110,798	2,359,223	299,889

EAST INDIA (LOANS RAISED IN INDIA).

(10.)—Return of all Loans raised in India, chargeable on the Revenues of India, outstanding at the Commencement of the Half Year ended on the 30th September, 1880, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half Year, the Moneys raised thereby during the Half Year, the Loans paid off or discharged during the Half Year, and the Loans outstanding at the Close of the Half Year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half Year.

Description of Loan,	Rate of Interest.....	One-Half Year's Int. on am't of debt outstand'g Ap'l 1, 1880.	Date of Termination of Loan.	Amount of debt outstanding on April 1, 1880.....	Amount of debt incurred during the half year ended 30 September, 1880....	Moneys raised during the half year ended 30 September, 1880.....	Transferred from other Loans.....	Total.	Amount of debt paid off or discharged dur'g h'f y'r ended 30 September, 1880..	Transferred to other Loans.....	Amount of debt outstanding on 30 September, 1880.....
LOANS BEARING INTEREST.											
Transfer Loan of 1870.....	4½ per ct.	£. 41,305	Not before 15 July, 1885.....	1,835,790	.....	.....	.....	1,835,790	£. 100	.....	£. 1,835,690
Transfer Loan of 1871.....	4½ "	4,993	Not before 4 July, 1881; falls to 4 per cent. on that date.....	221,900	.....	.....	.....	221,900	.....	.....	221,900
Loan of 1878.....	4½ "	49,479	Not before 15 September, 1893.....	2,199,080	.....	.....	.....	2,199,080	.....	.....	2,165,800
Transfer Loan of '79, 4½ per ct. portion.	4½ "	343,407	Ditto.....	15,262,547	3,130,000	+3,229,772	33,680	18,426,227	.....	38,180	2,450
Transfer Loan of 1879, 7s. sterling per cent. portion.....	Equivalent in rupees of 7s. per Rs. 100....										18,423,777
Loan of 1824-25.....	4 per cent.	500	Ditto.....	24,420	.....	.....	.....	24,420	.....	.....	24,420
Loan of 1828-29.....	"	633	No date specified; but on 3 months' notice by Government.....	31,626	.....	.....	.....	31,626	.....	.....	31,626
Loan of 1832-33.....	"	128	Ditto.....	6,400	.....	.....	.....	6,400	.....	20	6,379
Loan of 1835-36.....	"	21,147	Ditto.....	1,057,365	.....	.....	.....	1,057,365	.....	10,360	1,046,976
Loan of 1842-43.....	"	56,854	Ditto.....	2,842,720	.....	.....	.....	2,842,720	.....	16,680	2,826,040
Loan of 1854-55.....	"	411,345	Ditto.....	20,567,263	.....	.....	226,660	20,793,923	.....	51,440	20,742,483
Transfer Loan of 1 May, 1865.....	"	122,436	Ditto.....	6,121,810	.....	.....	199,420	6,321,230	.....	74,620	6,246,610
Transfer Loan of 22 April, 1854.....	"	315,574	Ditto.....	15,778,709	.....	.....	.....	15,778,709	.....	65,350	15,713,359
Loan of 1853-54.....	"	24,613	15 months after notice by Government.	1,230,666	.....	.....	.....	1,230,666	1	2,820	1,227,845
Railway Loan from Maharajah Holkar.	3½ "	1,110	3 months after notice by Government.	63,440	.....	.....	.....	63,440	.....	2,450	60,990
Debenture Loan of 1867-68.....	4½ "	22,500	No date specified.....	1,000,000	.....	.....	.....	1,000,000	.....	.....	1,000,000
	5	15,007	Not before 1 June, 1882.....	600,300	.....	.....	.....	600,300	.....	.....	600,300

[illegible]

* The five loans marked * were not included in the Half Yearly Statement up to 31 March, 1880, as the transactions had not come upon the books of the Government of India at the time when that Statement was sent to England.

† For the construction of Productive Public Works in 1880-81.

Deposits returned.

Louis Mallet,
Under Secretary of State.

Comptroller-General's Office, Calcutta, }
22 December, 1880.

J. Westland, Officiating Comptroller-General.

(9).—VALUE OF EXPORTS OF SILVER FROM 1868-69 TO 1879-80.

YEARS ENDED 31ST MARCH.												
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	595,501	5	1,224,759	156,364	1,178	218,651	23,300	46,912	83,815	105,678	132,575	78,962
France and other European Countries .....	.....	.....	50	643	370	10,861	15,072	46,697	62,452	73,980	5,440	14,995
Africa, including Mauritius and Réunion .....	.....	.....	6,000	103,300	10,000	346,583	105,493	418,977	493,839	170,959	296,555	319,519
Aden	280	38,550	1,070	78,663	5,100	34,763	49,213	139,021	77,460	23,501	53,838	83,203
Arabia, or Red Sea Ports	13,820	4,910	10,702	9,005	15,948	17,093	15,470	62,299	53,204	117,380	74,019	62,633
Ceylon	3,040	15,381	302,969	759,624	749,500	834,227	937,302	1,033,035	1,074,619	294,510	835,306	677,960
China	632,950	649,600	5,497	134,335	119,732	12,370	102,537	14,535	753,735	48,171	3,442	208,010
Persia and Persian Gulf	17,085	11,658	119,420	143,103	177,539	121,546	113,897	41,426	58,010	111,257	100,550	236,415
Straits Settlements	90,919	197,196	48,069	81,788	136,647	51,208	45,324	48,810	94,504	32,426	31,133	24,532
Straits Settlements	17,288	23,328	.....	.....	.....	.....	10	.....	.....	.....	.....	.....
Australia .....	.....	.....	1,176	835	2,456	600	1,990	57,274	41,898	122,336	90,147	29,030
Other Countries	7,073	3,442	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	1,377,956	944,070	1,720,312	1,467,660	1,219,070	1,647,902	1,409,608	1,908,986	2,793,536	1,100,198	1,623,005	1,735,259

EXHIBIT D.

(Presented by MR. FORSSELL, page 520.)

VIEWS OF THE SWEDISH BANKS OF ISSUE ON THE MONETARY QUESTION.

The Swedish Government, conformably to the desire expressed by the Monetary Conference, having requested from the banks of issue in Sweden their opinion upon the monetary question, the following-named banks have given their views concerning the proposition formulated in the *Questionnaire* of the Conference, viz.:

- | | |
|------------------------------|-----------------------------|
| 1. Stockholms Enskilda Bank. | 8. Gotebougs Enskilda Bank. |
| 2. Smalands ditto. | 9. Norrköpings ditto. |
| 3. Orebro ditto. | 10. Hallands ditto. |
| 4. Sundsvalls ditto. | 11. Wenersborgs ditto. |
| 5. Skaraborgs ditto. | 12. Bohns läns ditto. |
| 6. Gotlands ditto. | 13. Oscarshamns ditto. |
| 7. Skanes ditto. | |

These banks are all of the opinion that the adoption of the double standard is inadmissible. The answer of the Stockholms Enskilda Bank, being the most complete, and summing up all the others, is alone given below, in translation :

ANSWERS of the " STOCKHOLMS ENSKILDA BANK " (Director, *A. O. Wallenberg*), to the Questions contained in the *Questionnaire* adopted by the Monetary Conference of 1881 :

I.—The depreciation of silver, which affects only contracts and agreements having long to run, is in no way injurious to general prosperity.

It is impossible, by legislative enactments, to fix an invariable ratio between the value of gold and that of silver; for experience has amply shown that the oscillations arise from circumstances entirely independent of any such laws. The question proposed, as to whether a stability in the relation between the values of the two metals would be desirable, is therefore stripped of all practical importance.

II.—The depreciation of silver is due to the fact that the production of this metal has been augmented, in a much greater degree, than that of gold, simultaneously with the adoption of the gold standard by an in-

creasing number of States, so that an enlarged production of silver has coincided with a diminished demand for the white metal.

We may add, that the price of the precious metals has fallen relatively to most other products, and that silver, by reason of its bulk and the cost of carriage, has become too inconvenient for large payments, notably in comparison with bank notes and other instruments of credit circulation, which have more and more come into vogue.

III.—In accordance with our answer to Question I., we are of the opinion that it is impossible, by the means proposed in Question III., to prevent oscillations in the relative values of silver and gold. Every one would prefer to pay in the depreciated metal; as at present with silver, the value of such metal would become unsteady, and the ratio of value fixed by law would be impaired in fact, with a premium on payments in gold.

IV.—1. It is much to be desired that banks of issue should accept ingots of the money upon which the monetary system of their country is based, cost of coinage, and if need be, of refining, being deducted. But in countries with the double standard, and with a fixed ratio between the two metals, this obligation is inadmissible, because the banks, in such case, would incur the risk of being inundated with the metal which would be, at one time or another, depreciated.

It is evident that it would be absurd to impose upon the Bank of England or upon the Bank of Sweden an obligation to buy ingots of silver at a fixed price.

2. In order to secure the above-mentioned advantages to the public, in countries where there are no banks of issue, it is necessary to establish banks of issue in these countries; such banks, when well founded and well managed, always contribute to the economic development and to the prosperity of a country.

3. The mintage of coin for private individuals ought always to be conducted by the State, not gratuitously (for this would lead to abuses of the liberty to have coins struck), but at a rate of charge exactly proportioned to the expense of refining and of coinage. It is very desirable that all countries which have the same standard should agree upon a common charge for mintage, as well as upon a common tolerance, both for the coinage and for wear. Tokens should be coined exclusively by the State and on its account; they ought not to be included within the stipulations of international treaties.

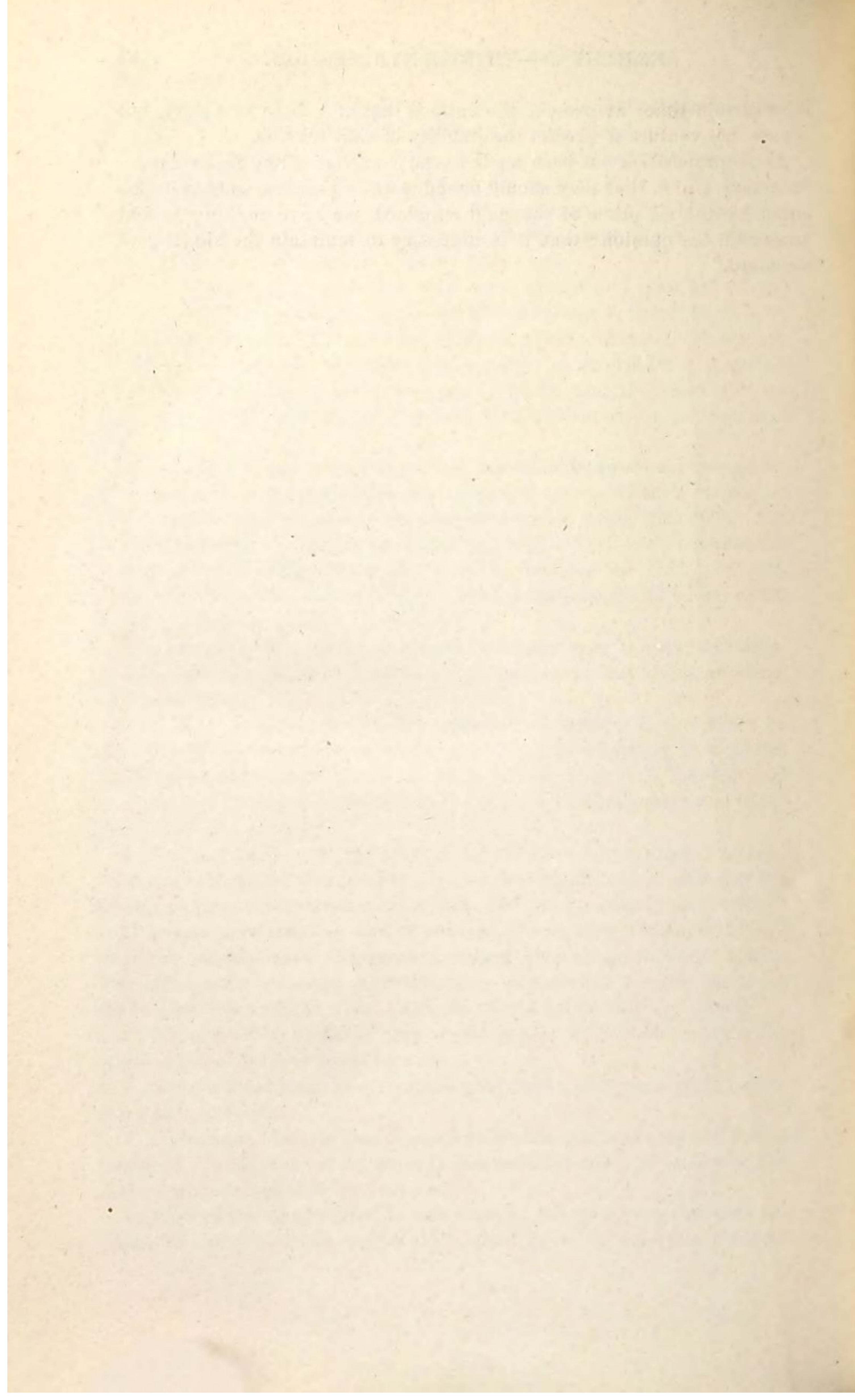
4. International trade in silver and gold ought, every-where, to be free from all restriction.

V.—The term "bimetallism," which lately has replaced that of "double standard," is inexact; it would only become admissible if each piece of money was composed of two metals.

In view of the impossibility, in our view, of fixing a ratio between the values of the two metals, such a ratio could never be determined except

for a certain time; at present the ratio is that of 1 to 18, or nearly, but we can not venture to predict the stability of that relation.

As no proposition has been made to the countries of the Scandinavian Monetary Union that they should abandon their position, so happily assured by the adoption of the gold standard, we have nothing to add to sustain our opinion "that it is necessary to maintain the single gold standard."



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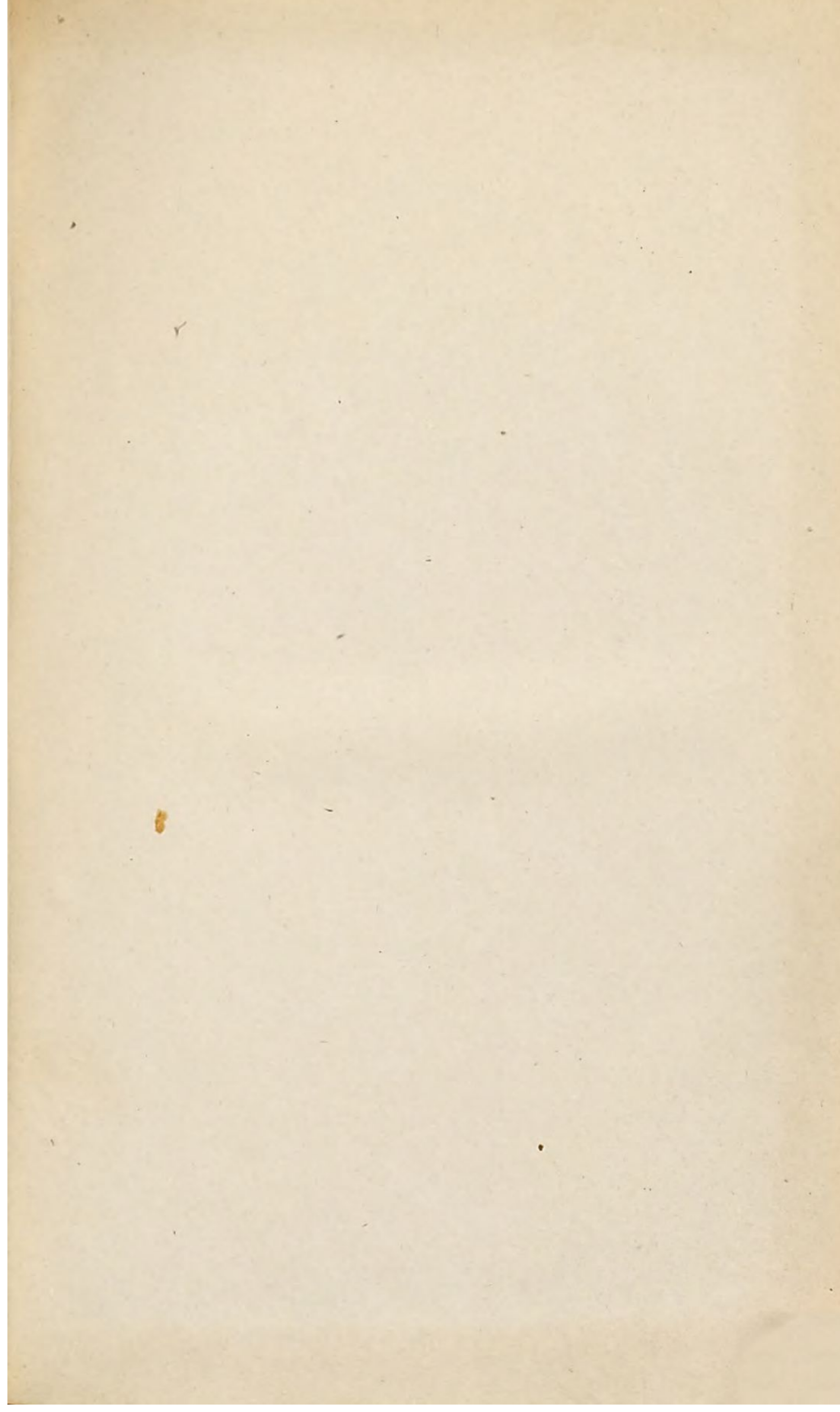
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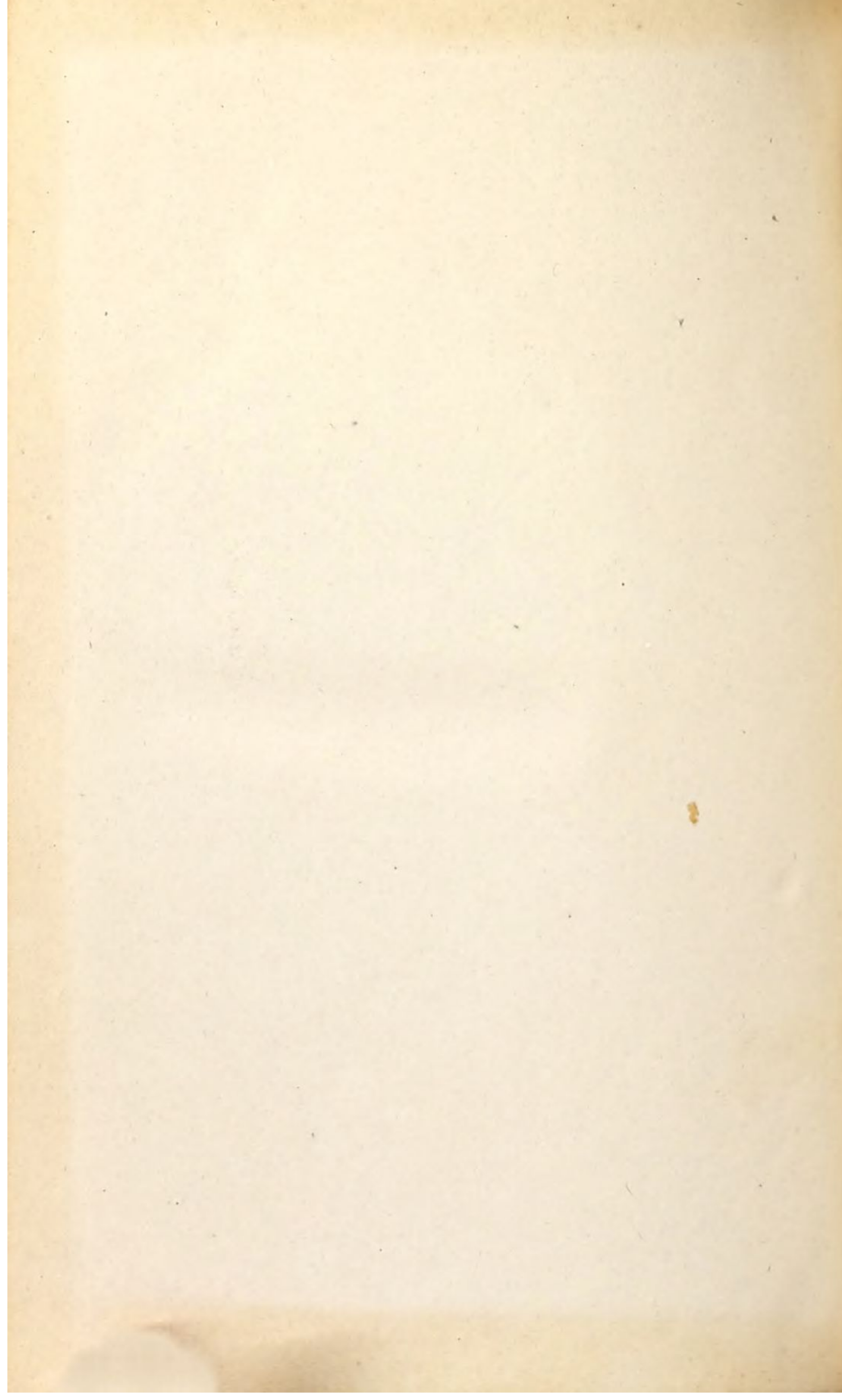
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Bd.: [374.] 1885/86, Vol. 23 = Congress 49, Sess. 1

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Am.b. 3040-374,23

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